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NEWS SUMMARY

GENERAL

Italian raiders kill officer

Italian terrorists launched what is feared may be the continuation of a campaign of violence on the eve of the official opening of the Italian general *election campaign.*

Extreme Left-wing terrorists raided the Rome headquarters of the Christian Democrat Party, killing one policeman, *seriously injuring two others,* and causing extensive damage by throwing bombs in the building.

The raid marked the climax of a fresh outburst of political violence in Italy, including the kneecapping by Red Brigade terrorist of a Genoa state company manager and 27 bomb attacks in the northern region of Veneto earlier this week. Back Page

Thousands mourn Motahari

Thousands of mourners chanting *"death to communism"* followed the body of assassinated revolutionary leader Ayatollah Morteza Motahari out of Tehran on its last journey to the holy city of Qom.

The Iranian Government has apparently made little progress in its hunt for Motahari's killers and Government Ministers seem fearful of more attacks. Page 4

W. Bank closure

Bir Zeit College, a centre of Palestinian radicalism on the West Bank, has been closed by the Israeli Military Government after a demonstration during which one student was shot and seriously wounded, apparently by an Israeli settler. Page 4

Israeli on trial

The trial in Paris of Israeli Knesset *(Parliament) member* Samuel Flatto-Sharon on charges of fraud and evading FFr 406m ($92m) in taxes, opened in his absence.

N-reactors shut

Both nuclear reactors at the Dungeness A nuclear station in Kent, one of the UK's earliest *nuclear plants* have been shut because of delays in repairing cracks found in the No. 2 reactor last winter. Back Page; Nuclear accident costs, Page 29; EEC *safety committee,* Page 2

Proll plea

A London High Court judge hearing the plea by alleged terrorist Astrid Proll that she is a UK citizen by marriage, was told that the man she claims is her legal husband will not travel from India to give evidence.

Fumes affect 50

More than 50 people, including a number of firemen, were in *hospital suffering from the* effects of fumes after a fire swept through a building materials factory at Waterlooville, near Portsmouth, Hampshire.

Classic winner

One In a Million, the even-money favourite, ridden by Joe Mercer, won the flat season's first classic, The 1,000 Guineas, at Newmarket. It was napped by Dominic Wigan. Second and third were Abbeydale (25-1) and Yanuka (33-1). Today's racing, Page 14

Briefly...

U.S. woman whose navel was two inches off centre after plastic surgery to flatten her stomach, was awarded $854,000 against the surgeon in New York.

At least eight people were killed and 40 injured in northern India when a lorry carrying a marriage party overturned.

Pet dog in southern Yugoslavia died when it dragged a live electric cable away from its unconscious mistress.

BUSINESS

Gilts up; Copper prices fall

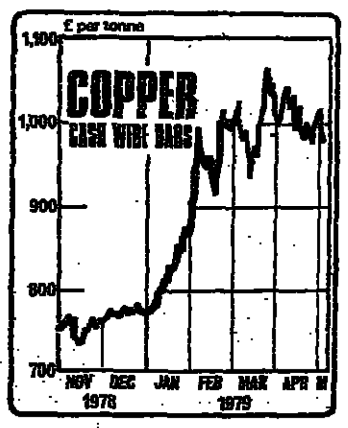
● EQUITY prices began to rise from the start; the FT ordinary index closed off its best but still at a new high of 553.5.

● GILTS achieved rises of up to ½ with the Government Securities *index* rising *0.26* to 75.58.

● STERLING rose 90 points to $2.0770 and its trade-weighted index rose to 67.5 (67.2). The dollar showed little movement but its index rose to 86.7 (86.6).

● GOLD fell $1½ to $246½ in quiet trading in London.

● COPPER prices fell with cash wirebars off £8.5 to £980 a tonne



on pressure from speculators. Page 39

● WALL STREET was 1.21 up at 856.72 just before the close.

● WORLD NICKEL price has risen again, the French-based producer, Le Nickel has announced. The UK price will rise £374 to £3,049.5 a tonne. Back Page

● AN OIL FUTURES market in London is to be considered by a special study group drawn from London commodity market traders. Back Page

● TREASURY investigation into alleged breaches of exchange *control regulations* has widened to include an official of Lloyds Bank. Page 10

● JAPAN'S Prime Minister Mr. Ohira has said that his government will seek to cut Japan's tariffs earlier than agreed in the GATT trade negotiations, as a way of accelerating imports and reducing its trade surplus. Back and Page 6

● EEC COMMISSION has launched a cash grants scheme for European steelmakers and has begun work on a directive to cut overtime working *throughout the Community* in an attempt to ease the EEC's growing unemployment problem. Estimates put the Common Market's jobless at 15m by 1985. *Page 2*

● WEST GERMAN unemployment figures *improved* last month, with the jobless rate falling from 4.2 per cent to 3.8 per cent. Page 2

● BELGIUM has agreed to join the European Airbus consortium, becoming the sixth country to participate. Page 6

● BUILDING and civil engineering industry unions seem likely to reject current pay proposals for 700,000 construction workers which employers say in their final offer. Page 10

COMPANIES

● BRITISH SUGAR first-half pre-tax profits rose by £2.5m to £10.19m in spite of bad weather and the haulage strike, on turnover of £219.1m. Page 24 and Lex

● CHRYSLER CORPORATION of the U.S. has turned in a $53.8m loss for the first three months of 1979, making a $350m loss in the last six quarters, only two of which have shown a profit for the company. Back Page

● WIMPEY CONSTRUCTION UK reports pre-tax profits up from £53.9m to a record £57.2m in 1978. Page 24 and Lex

Party leaders wait for the verdict . . . who goes home to No. 10?

The sun showed no political prejudice towards the leaders of the main political parties yesterday, writes Elinor Goodman.

It shone uniformly on both Mrs. Margaret Thatcher and Mr. James Callaghan though some Tory strategists claimed to have detected some political significance in the fact that what they maintained was an icy wind of change was blowing in Cardiff, where the Prime Minister cast his vote. By contrast, conditions in Chelsea, where the Tory leader voted yesterday morning were much kinder.

As for Mr. David Steel, the Liberal leader, he had to walk the 30 yards to his local polling station in Kirkhope village hall in Scotland through a snow shower.

Both the Conservative leader and the Labour leader began their campaign as they had started them —surrounded by cameramen. And, Mrs. Thatcher, who in her bid to become Britain's first woman Prime Minister has consistently recognised the demands of the Press for good pictures and snappy headlines, again came up with a catchy quote yesterday. "We never count our chickens before they are hatched, and we don't count No. 10 Downing Street before it is thatched," she said in what, under close inspection, was shown to be a rhyming couplet.

By contrast, Mr. Callaghan, who seems to have regarded his retinue of travelling camera hounds as a bit of a nuisance throughout the campaign, again *treated them with a kind of convivial grumpiness* yesterday as he obligingly voted in slow motion so that they could catch every movement of the hand that has steered the country for the last five years.

Ironically, yesterday also saw the emergence of *what—had it happened earlier in the campaign—* might have had the making of the real political storm which this election has singularly lacked. Independent Television News apologised to the Prime Minister for the mix-up which lead to millions of American Television viewers seeing a glimpse of Mr. Callaghan at his least avuncular.

Instead of the interview with Mr. David Rose, seen on ITN by British viewers, Americans saw the version which ITN agreed to drop. In it, Mr. Callaghan quarrelled with Mr. Rose over his persistent questioning on industrial relations.

Editorial comment Page 22. North Sea Oil and the next Government Page 22.

Opinion polls boost shares and sterling

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SHARE PRICES and sterling both rose sharply yesterday on hopes of a Conservative election victory.

The FT 30-share Industrial Ordinary index jumped by 12.7 at the start of business following the publication of final opinion polls favouring the Tories. This was followed by some profit-taking and the index ended 8.7 up at a new all-time closing peak of 553.5.

Money Markets, Page 31
Stock Exchange Report, Page 40

Longer-dated gilt-edged issues *showed gains of ⅜ of a point.* But business on the stock market was generally thin as both jobbers and brokers and investors awaited the election outcome.

Sterling gained ground quickly, rising by nearly 1¼ cents at one stage to $2.08. Dealers believed that the Bank of England *might have intervened* on a small scale to prevent too large an appreciation.

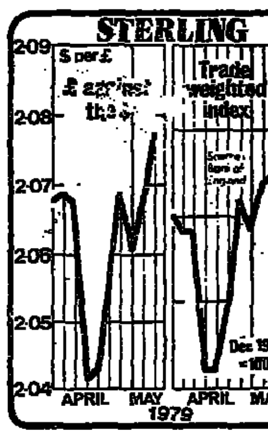
The pound then slipped back slightly before closing 90 points up on the day at *$2.0770.*

The trade-weighted index, measuring the value of sterling against a basket of other *currencies, rose by 0.3 points to* 67.5. This represents an appreciation of 2.1 per cent since the middle of last week when the markets became concerned *about a narrowing of the Tory* lead in the opinion polls.

The other main development on the foreign exchange markets involved the currencies in the European Monetary System. The Danish krone, which has *recently been stronger,* weakened sharply and dragged down the Belgian franc. The result was that the franc moved beyond its permitted divergence *limit in terms of the European* Currency Unit, a basket of all EEC currencies.

The Belgian franc is permitted to diverge by 1.53 per cent from the European Currency Unit. But after adjusting *for the special position of* sterling and the Italian lira its adjusted divergence was 1.56 per cent.

Under the rules of the *European Monetary System a move*ment beyond the divergence point is a warning signal. The government concerned should choose between intervening directly in the markets, changing its monetary policy, altering its central exchange rate, or revising its overall economic policies, or some combination of these actions.



Belgium can claim to have followed the rules since the

Continued on Back Page

Lonrho offer extended

By Christine Moir

LONRHO HAS been unssucessful with its first attempt to take over Scottish and Universal Investments. The first closing date has *now passed* with acceptances of only 17 per cent of the shares, including the nine per cent holding of the Fraser Trusts.

Together with its own 30 per cent stake this leaves Lonrho three per cent short of control. The offer has been extended to May 11.

Both *sides in this bitterly* contested battle claim to be happy with the outcome of the first skirmish.

Mr. Paul Spicer, a Lonrho director, *claimed that small* shareholders had been waiting to see how Fraser Trust would react. He now expects a heavy postbag of acceptances.

Mr. Hugh Laughland, *chief* executive of SUITS, however, considered the result "an overwhelming vote of confidence" for the Board's rejection of the offer. "Over 80 per cent of the independent shareholders have supported us."

In the market Lonrho's shares rose 5p to 85p and SUITS lifted 4p to 197p on tactical buying.

Lex Back Page

U.S. hitch over air fares rise

BY JOHN WYLES IN NEW YORK

THE U.S. Civil Aeronautics Board's dislike of international *airline fare fixing agreements* became apparent again yesterday with an indication that the International Air Transport Association's applica*tion for a general 7 per cent* fare increase of transatlantic services would not be approved.

Last month IATA members decided on 5 to 7 per cent general increase worldwide because of sharply rising fuel *costs, which on a global average* are now 62 per cent higher than last autumn.

These fare increases have been implemented in most parts of the world since last Tuesday, but IATA members had correctly anticipated that there might be a problem with the U.S. board.

Board members decided in Washington yesterday that a general 7 per cent increase on transatlantic fares did not reflect the variation in fuel cost increases for individual markets.

In effect this means that the 20 or so IATA members which fly the Atlantic will now have *to secure individual approval* from the Civil Aeronautics Board for fuel-related ticket increases.

But the Board also gave a *clear pointer to what they can* expect. It ordered staff to draft an order allowing Pan American World Airways — which left IATA at the end of March—to *raise only discount fares by 4.1* per cent from June 1 on transatlantic flights.

Similarly, Trans World Airlines will be able to raise its *discount fares by 7 per cent* from June 10.

Both U.S flag carriers had hoped for across-the-board increases but the CAB is sticking by an earlier judgment that economy and first class fares across the Atlantic are high enough, if not too high.

However, the board did make an exception on economy and first class fares to Belgium, West Germany, Israel and the

Continued on Back Page

Record butter surplus forecast

BY CHRISTOPHER PARKES

THE COMMON MARKET will end this year with a record surplus of butter of between 500,000 and 600,000 tonnes, Mr Finn Olav Gundelach, the EEC *Agriculture Commissioner, said* in London yesterday. "We won't know what to do with it," he added.

Action to control milk output was imperative *at this year's* price-fixing, or the mountain would continue to grow out of control, he said. Present stocks of butter are 300,000 tonnes.

The surplus of milk in the Community was one of the main roots of the EEC's budgetary difficulties.

"Unless you lick the problem *of milk you are not going to* lick the Budget problems," he said.

The Commission has proposed heavy taxes on dairy farmers to make milk production less profitable, and to provide funds *for sales promotion and con*sumer subsidies.

Mr. Gundelach disclosed that he wanted the full cost of consumer subsidies on butter in Britain and elsewhere to be borne by the Community.

The UK subsidy is worth 5½p a lb, but under the *Commission proposals in the annual* price review, stalled because of the General Election, this would rise to 12p or more. As they stand the Brussels plans sug*gest that only 75 per cent of the* bill should be paid from EEC funds.

Mr. Gundelach said he had the backing of the Commission for *his* 100 per cent funding proposal. The EEC stood to gain from opening its markets to far more than it would lose imports of cheese.

Offers in the negotiations for the General Agreement on Tariffs and Trade would allow into Europe about 14,000 tonnes of cheese from New Zealand Canada and Australia.

The offers have angered the British dairy trade, which is just recovering from a profitless 18 months in the cheese business.

But Mr. Gundelach said that *if the agreement went through* the Community would be able to send 50,000 tonnes of cheese to the U.S., Canada and Australia. "We are gaining a good deal more than we are giving away," he said.

The Commissioner added that regardless of the outcome of the election he did not expect any *substantive* change of attitude in the new British Government towards EEC agricultural policy.

"But this is no problem for me since I have no fundamental differences with the UK Government."

*Issues had been misrepre*sented and exaggerated in Britain in the past but he saw no major differences of opinion.

£ in New York

—	May 2	Previous
Spot	$2.0675-0685	$2.0600-0610
1 month	0.40-0.35 dis	0.32-0.27 dis
3 months	0.74-0.69 dis	0.62 0.58 dis
12 months	1.90-1.80 dis	2.05-2.00 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasry. 9¼% 1983	£97⅛	+ ⅜
Exhqr. 12¼% 1999	£105¼	+ ⅜
Aberdeen Const.	88	+ 7
Anchor Chemical	80	+ 7
Avana	93	+ 5
Averys	256	+ 8
Bambers	280	+ 18
Booker McConnell	357	+ 12
Boot (H.)	98	+ 8
British Land	81	+ 4½
Brocks Group	162	+ 9
Clarke (Clement)	145	+ 17
Edwards (L. C.)	64	+ 6
European Ferries	175	+ 6
Furness Withy	286	+ 22
Hambro Life	695	+ 25
Hambros	294	+ 20
Hanger Invs.	76	+ 6
Hill Samuel	120	+ 13
Imry	748	+ 38
Laporte	137	+ 9
Lex Service	116½	+ 6½
Lonrho	85	+ 5
Lucas Inds.	309	+ 17
MEPC	205	+ 10
More O'Ferrall	140	+ 7
Mothercare	188	+ 8
Porter Chadburn	103	+ 7
Rowntree Macknitsh.	454	+ 15
Sainsbury (J.)	363	+ 16
Sound Diffusion	119	+ 8
Tricoville	94	+ 4
Ward White	143	+ 8
Whitbread	141	+ 5
Wimpy (G.)	100	+ 4
East Driefontein	669	+ 20
Marievale	94	+ 5
RTZ	354	+ 6
Selection Trust	566	+ 22
FALLS		
Ultramar	292	— 16

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WEST GERMAN UNEMPLOYMENT

Decline falls short of forecasts

BY ADRIAN DICKS IN BONN

UNEMPLOYMENT IN West Germany, still evidently responding both to cyclical and seasonal factors, showed a further improvement during April, when the number of people out of work fell from 957,000 in March to 875,500.

The April figures brought the West German unemployment rate down to 3.8 per cent. In April 1978, it stood at 4.4 per cent with a total of 1m people unemployed.

Commenting on the April figures, Herr Josef Stingl, the Federal Labour Office president, said despite the decline from March, he was still disappointed that the reduction had not been greater.

According to the Labour Office's present forecasts, the monthly average figure for 1979 should now be about 900,000, compared to 993,000 in 1978. Although this represents a gratifying improvement, it is still high by comparison with the consensus of economic forecasts in the earlier stages of the present recovery, when an average of 700,000-800,000 was being confidently predicted.

Labour office officials believe the negative influences of last winter's hard weather and steel dispute will have been overcome by the summer. Both have weighed heavily on unemployment and output throughout the first four months of this year.

The Labour Office's commentary notes that the demand for additional manpower has been a good deal less during this period of upswing than might have been expected. Nonetheless, the number of vacancies rose by a further 10,700 to 313,200 at the end of April, while the number of people on short-time working fell by 485,500 to 121,200 — the lowest figure since November 1973.

Among specific categories of unemployed people, the Labour Office noted a further decline in the number of those under 20, who have been of particular concern. As in previous months, the hard cores of unemployment, where they are not regional, appear still to be among the physically handicapped and among people aged 59 or more.

Bonn may modify nuclear disposal plans

BY ADRIAN DICKS IN BONN

THE WEST GERMAN Social Democratic-Free Democratic coalition government, under pressure from all sides over its nuclear energy policy, may now reluctantly be preparing to modify its plan for a comprehensive fuel reprocessing and waste disposal facility at Gorleben, in Lower Saxony.

In a speech in Hanover on Wednesday night Count Otto Lambsdorff, the Economics Minister, admitted for the first time that a delay might have to be accepted in the planning for Gorleben, although he stressed that neither the need for the centre, nor for at least a limited number of other nuclear power stations, had in any way diminished.

"Even if there is a delay within the timing of the concept," he told a trade union audience, "the concept itself cannot be given up." He pointed out that all three political parties had accepted the need for the facility at the outset.

Despite this initial unanimity, wide gaps have opened up both within the two coalition parties and within the Bonn Cabinet, where Herr Gerhard Baum, the Interior Minister and an FDP party colleague of Count Lambsdorff's, has given the impression that he now favours a total ban on nuclear energy.

More immediately, the Federal Government is waiting for Herr Ernst Albrecht, the Christian Democratic State Premier in Lower Saxony, to announce his decision on whether to allow exploratory works to continue at the Gorleben site. A public inquiry in Hanover last month, which coincided with the Three Mile Island accident in the U.S., saw an enormous weight of public and scientific opinion thrown down against the project.

Chancellor Helmut Schmidt held a lengthy meeting with Herr Albrecht earlier this week, at which the Lower Saxony leader is believed to have suggested a compromise decision on Gorleben, which he will announce in about 10 days time.

Although no official word has been forthcoming on the two men's private talks, apparently officially-inspired reports yesterday suggested that the Chancellor may now be willing to suspend a decision both on putting up a fuel reprocessing plant at Gorleben and on using the natural salt caverns deep underground below the site as a final resting place for high level fission waste products.

Steel benefits from EEC jobless package

BY GILES MERRITT IN BRUSSELS

IN A two-tier package, the EEC Commission has launched a cash grants scheme for Europe's hard-hit steelmakers and begun work on a directive that would slash overtime working throughout the Community.

Both sets of measures are aimed at easing the EEC's worsening unemployment problem, for, according to some unofficial forecasts in Brussels, the Common Market's jobless total could rise to around 15m by 1985 from its present level of 6.5m.

Commission figures now estimate that by 1985 the EEC labour force will have grown to about 115m, which represents an alarmingly rapid increase of almost 10m in the decade up to then.

Mr. Henk Vredeling, the Employment and Social Affairs Commissioner has drawn up a seven-point plan for different types of work-sharing that is spearheaded by a proposed directive greatly reducing overtime working. Other measures being suggested to national governments include flexible or early retirement, shorter working weeks and more part-time employment.

The Vredeling Report outlining these emergency work sharing measures was discussed by the 13-man European Commission earlier this week, and on May 15 is to be tabled at the Social Affairs ministerial council in Brussels. Following the declaration by EEC heads of government on the need to limit systematic overtime at the end of the last European Council in Paris, the Commission expects to be able to issue a formal proposal for a directive on overtime by late summer.

The Commission estimates that up to 5 per cent of work hours throughout the EEC are made up by overtime, and notes that use of overtime is particularly strong in such countries as Britain and Ireland, where union support for work-sharing is markedly weaker than on the Continent.

The parallel steel cash grants programme announced yesterday by the Commission is intended to encourage restructuring in the European industry by providing additional funds to those steelmakers operating early retirement and work-sharing schemes.

The three-year Commission plan will cost around 140m European units of account (£92m) during its first two years and should help blunt the effects of unemployment on the 80,000 European steelworkers whose jobs are due to be suppressed in 1979-80.

The EEC funds are to be apportioned in relation to member countries' steel industry problems, and the Commission is to negotiate separate bilateral pacts with each of the Nine. In part, the scheme represents an attempt to harmonise national steel aid plans and Viscount Etienne Davignon, the Industry Commissioner, yesterday described it as the second phase of the steel anti-crisis plan that began with production limits and price maintenance.

M. Jacques Chirac

Gaullist opposition to Chirac growing

By Robert Mauthner in Paris

THE GROWING dissatisfaction within the Gaullist RPR Party with M. Jacques Chirac's aggressive leadership and his repeated attacks on President Giscard d'Estaing, was yesterday discussed at a special meeting of some 50 Gaullist "dissident" MPs anxious to give their party a more moderate image.

The meeting was called by M. Olivier Guichard, a former Minister and one of the party's "barons" who has long been irritated by M. Chirac's abrasive style and his ambiguous tactics of constantly criticising the Government, while continuing to support it in Parliament.

M. Guichard, supported by an increasing number of National Assembly deputies, is particularly upset by the European policy which M. Chirac has imposed on the party.

M. Chirac and M. Michel Debré, another former Gaullist Prime Minister, have created their own list for the "defence of France's interest" for the European elections, while M. Guichard and his supporters consider that the government coalition parties should have presented a united front.

The straw which broke the camel's back, as far as M. Guichard is concerned, was M. Chirac's recent statement that President Giscard's "illegitimacy" was at stake in the European elections if he took an active part in the election campaign.

What M. Chirac meant was that if the President openly backed the list of his own supporters, headed by Mme. Simone Weil, the former Health Minister, and that list failed to obtain an absolute majority, this would be tantamount to a vote of no confidence in the President.

Though M. Guichard has said he has no desire to split the Gaullist party, it is clear that yesterday's meeting of MPs heralds a more organised opposition within the party to M. Chirac's leadership than has been the case hitherto.

M. Michel Cointat, one of the late President Georges Pompidou's Ministers, has already indicated that he wants to present a rival list of "European Gaullists" in the direct elections, due to be held in France on June 10.

Sines port disaster due to 'inefficiency, bad design'

BY JIMMY BURNS IN LISBON

FRESH CONTROVERSY has broken out over the future of Portugal's multi-million pound deep-water port and industrial complex at Sines, south of Lisbon.

According to the findings of a Government-backed inquiry published yesterday, a major segment of the breakwater—meant to protect crucial products going in and out of the £112.5m deep-water harbour—has been so badly designed that it will not withstand heavy seas.

The inquiry was set up more than a year ago following the partial wrecking of the harbour at Sines by heavy seas in February last year. The inquiry's report traces the major fault to a barrier of concrete blocks designed to lessen the impact of the waves on the breakwater, but blames technical inefficiency and bad organisation of some officials responsible for the disaster.

"We want to refer to the insufficient technical and organisational ability demonstrated throughout the supervision of the project from the initial study stage to the final construction," the report states.

There is, however, no recommendation that the Government should take legal action against those responsible.

A Government decision on the future of the harbour and, indeed, of the whole Sines project, is now expected to follow the inquiry and against a background of mounting public criticism for delays in carrying out repair work.

Recently Sr. Carlos Correa Gago, the chairman of Petrogal, the nationalised oil company whose operations have been seriously disrupted as a result of the damage, declared that government hesitation was jeopardising an estimated Esc100bn (£984.25m) worth of investment in the Sines project.

Because the harbour was inoperable, Petrogal recently had to divert imports of crude oil to foreign ports at an extra cost in terms of freight and tankage of £2m. According to Cr. Gago the damage is also threatening pending contracts with foreign companies.

His company is known to be negotiating a major contract for the export of processed products from its refinery at Sines which would represent an annual net income for Portugal of approximately £6m.

The refinery at Sines, which went on-stream in January, was running at only 55 per cent of its total capacity. But the contract under discussion is expected to increase this figure to more than 70 per cent.

Lisbon steps up EEC activity

BY OUR LISBON CORRESPONDENT

SR. PEDRO Pires Miranda, recently appointed to head Portugal's negotiations with the EEC, is hoping to launch a countrywide campaign to prepare the Portuguese for membership of the European Economic Community.

The campaign, involving news conferences, seminars and meetings at local level, will be the first of its kind in Portugal and will attempt to revive flagging public interest in the EEC.

In an interview with the Financial Times, Sr. Pires Miranda said he was also aiming to involve Portugal's private sector more closely at a technical level during the campaign and would count on leading nationalised commercial banks here for the financing of the scheme.

Portugal's private employers' federations have criticised the Government in the past for what they see as a lack of consultation over a vital aspect of future economic policy.

In further moves to streamline the country's accession to the EEC, the Government is expected soon to announce the reorganisation of the Portuguese Commission for European Integration, which has been the main body involved in the negotiations.

According to Sr. Pires Miranda, the present part-time staff of eight commissioners is to be replaced by a six-man permanent team headed by himself and linked more directly with key ministries. This will aim to bring about closer co-ordination between government policy and the details of future EEC membership.

The commission would also work in collaboration with a consultative body, to include representatives of Portugal's main employers' federations, as well as the two main trade union organisations, the Confederation of Portuguese Workers (Intersindical), and the General Union of Workers (UGT).

In a further development, Sr. Pires Miranda disclosed that the EEC is to set up a representative office in Lisbon headed by

Brussels plans N-safety inquiry

BY GUY DE JONQUIÈRES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE EUROPEAN Commission has decided to set up a high-level committee of scientific experts to examine the adequacy nuclear safety regulations and arrangements for inter-governmental co-operation in EEC countries in the wake of the recent accident at the Three Mile Island plant near Harrisburg in the U.S.

The experts, who have yet to be nominated but who will be selected from outside the Commission, will be asked to prepare a report by the end of the year analysing nuclear safety provisions in the Community and recommending ways in which they can be improved.

In particular, they will be asked to advise on the establishment of reciprocal information system between EEC countries on nuclear reactor problems, closer harmonisation of national safety rules, better training of nuclear safety personnel and ways of stepping up research into safety techniques.

The Commission has also decided to try to reactivate proposals which it first made more than two years ago which would give the EEC as a whole a say in disputes between member countries about the siting of planned nuclear installations in border regions.

The proposals previously ran into strong resistance from France, which is fiercely opposed to any attempts by the Community to impinge on its national sovereignty in nuclear policy matters.

France plans to write off African debts

BY DAVID WHITE IN PARIS

FRANCE is proposing to absolve several African countries which receive aid from debts totalling more than FFr 600m (£66.3m). The gesture, announced by President Valéry Giscard d'Estaing in a radio interview, comes just before the UN Conference on Trade and Development (UNCTAD) meeting in Manila.

Several other aid donors, including the U.K. have already complied with the request made at UNCTAD's ministerial session in March last year for debt relief for the Less Developed Countries.

The French President said his Government proposed to write off the official debts of such Sahel countries as Upper Volta, Mali, Chad and the Central African Empire. The measure would also include the Comoro Islands and Guinea, which M. Giscard d'Estaing visited late last year in a gesture of reconciliation

The proposal still has to be approved by the French Parliament.

France has already pledged to increase its aid to the Third World to meet the UN target of 0.7 per cent of gross national product; compared with France's present aid disbursements of 0.6 per cent of GNP.

This figure is somewhat distorted by the fact that half France's bilateral aid goes to overseas French departments and territories.

Haferkamp warns on Tokyo trade

BY MARGARET VAN HATTEM IN BRUSSELS

UNFAIR RESTRICTIONS on access to the Japanese market could lead to "explosive developments" in Japan's bilateral relations with the EEC, Herr Wilhelm Haferkamp, EEC Trade Commissioner, warned yesterday.

Speaking at the Financial Times conference on Euro-Japanese Trade, *Finance and Politics in the 1980s*, he gave a thinly-veiled warning that the Community would retaliate if Japan did not quickly remove these curbs.

"We have reached a political-psychological limit beyond which bilateral trade surpluses or trade deficits may become an element of tension," he said. "We both need to avoid any explosive developments."

European products were being kept out of Japan by "unjustified discriminatory import procedures" such as excessive red tape in customs clearance, complicated testing and admission procedures, and extremely high mark-ups which made ordinary consumer products into luxury items, Herr Haferkamp said.

"We look for rapid action where these procedures are being maintained," he said. "We do not want to be pushed into reciprocating negatively by introducing complicated and discriminatory testing procedures for Japanese imports."

Mr. Haferkamp's warning about European dissatisfaction with Japan's trade practices was taken up by Mr. Roy Jenkins, president of the EEC Commission, who called on the Japanese to lower existing import curbs, particularly in relation to manufactured goods.

"We must avoid situations where we, in the Community for example, are unable to hold back the pressures we have so far been able to resist," Mr. Jenkins said. "There is room for frank speaking. In the Community we do not appear to have put over our point of view sufficiently convincingly."

Mr. Toshio Kohmoto, chairman of the Japanese Policy Affairs Research Council, told the conference that Japan was well aware of the political seriousness of Europe's unemployment problems. It should be careful to maintain orderly exports so as not to disrupt markets where Japanese and European products were in competition.

However Europe's exports to all major trade areas except Australia and Asia greatly outweighed Japan's, and Japan was making unprecedented efforts to promote imports.

Mr. Kisaburoh Ikeura, president of the Industrial Bank of Japan, called for closer financial co-operation between Europe and Japan on Eurodollar markets, and in developing countries

European and Japanese banks should act together more to share the risks associated with third country development. "As for projects for countries too risky for private corporations, co-operation with international organisations or with our governments should be considered," he said.

The importance of the Tokyo yen market was growing, he added, and could well provide funds for regional development in the EEC, particularly after the accession of Greece, Spain and Portugal.

Mr. Minoru Masuda, adviser to the Japanese Ministry of International Trade and Industry, pointed out that as a result of the Tokyo Round of multinational trade negotiations, Japan's tariff rates would be well below those of the EEC, and that the only Japanese industrial imports subject to import controls would be hides and coal. Japan was, moreover, imposing voluntary export restraint on cars, domestic electrical appliances, and iron and steel products.

Dr. Kohji Kobayashi, chairman of the board of the Nippon

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CONFERENCE

Electric Company, called on European and Japanese companies to co-operate more closely in developing the high technology industries where their common future lay. Europe and Japan would encounter the same problems as pressure from developing countries forced them to restructure their industries and concentrate on more sophisticated technological fields.

Europeans could not afford to ignore certain technological developments as they had in the past, simply because at the time they were too expensive for commercial development — further development made most such advances commercially viable. "If you are not careful you will be digging your own graves," he added.

Mr. Tatsuzoh Mizukami, chairman of the Foreign Trade Committee of the Keidanren (the Japanese equivalent of the CBI), said Japan realised its closed market system was self-destructive and that further relaxation was needed to preserve international harmony.

However, the strong work ethic of the Japanese people was the country's only natural resource, and the strongly competitive drive of industry was a natural development. Japan's strong post-war export drive was due to British influence, he added wryly: "It was from the British we learned to export or die," he added.

Dr. Helmut Wilhelms, chairman of the Supervisory Boards of Kraftwerk Union AG and of Linde AG, pointed out that bilateral problems betweeen Europe and Japan could not be solved without taking the U.S. into account.

The U.S. was far more important to Japan than was the EEC, both as a supplier of technology and as a market. However, in view of the great similarity between Japanese and European conditions there should be joint efforts to develop material-saving and energy-saving designs and environmentally acceptable technologies.

The Earl of Limerick, director of Kleinwort Benson, said Europe was at a great disadvantage in its trade relations with Japan because of the structural difficulty of penetrating Japanese markets, and because of Japan's high level of self-sufficiency.

He called for closer co-operation on third country markets, encouragement of Japanese investment in Europe, and the setting up of European trading institutions in Japan.

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Confindustria chief takes firm line on labour costs

BY RUPERT CORNWELL IN ROME

SIG. GIUDO CARLI, president of the Confindustria, the Italian *employers'* federation, yesterday came out squarely against union demands for pay increases, a shorter working week and greater involvement in corporate decision-making, which are contained in the current wage contract negotiations.

He was addressing the annual assembly of Confindustria, just 24 hours after much of the giant Fiat car works at Turin had been paralysed by wildcat strikes, causing 15,000 men to be laid off temporarily.

The latest trouble at Fiat, Italy's largest private sector employer, does not bode well for a speedy settlement of the contract negotiations. These cover some 10m workers in the *engineering, building* and chemical sectors among others, for the period 1979 to 1981.

Sig. Carli's uncompromising stand was largely supported by members of the Government who addressed the 1,000 delegates present. Sig. Franco Nicolazzi, Industry Minister in the caretaker government of Sig Giulio Andreotti, warned that an exces*sive rise in labour costs* as a result of new wage contracts would plunge the economy into severe difficulty.

The Confindustria president declared that an unjustifiable high round of settlements would add to the pressures facing Italy, at the very moment when the international economy was showing signs of entering a phase of higher inflation and more sluggish growth.

To accede to the crop of demands for a cut in the working week to 36 or 38 hours from the current 40, Sig. Carli said would be tantamount to resigned acceptance of a society in decline. It would be a virtual admission that no hope existed of making real inroads into unemployment (now standing at *over 1.6m in Italy*).

Turning to the argument about a greater measure of industrial democracy, he said that for employers to grant the union requests would lead to a worsening of industrial relations.

Progress could only be made in this area if the labour movement subscribed to a coherent programme of economic development over several years. This was a clear reference to agreement on something like the three-year medium-term recovery programme put forward by Sig. Filippo Maria Pandolfi, the Treasury Minister.

In its absence, the country risked treading the familiar path of a short and vigorous boom in output, followed by *overheating, inflation*, pressure on the currency and a subsequent package of severe deflationary measures.

In a ringing defence of free enterprise, Sig. Carli warned that Italy above all suffered from an excess of intervention from the public sector and of ill thought-through legislation. The private sector's share of total available credit would shrink this year to 34 per cent, from 43 per cent as recently as 1976.

"Unless this trend is reversed, it will be impossible to maintain the features of a society in which individual freedoms survive. . . the concentration of power in the public sector reduces inexorably freedom of choice, both for those who *work* and those who consume," he said.

Both Sig. Carli, and more cautiously Sig. Nicolazzi, underlined the need for Italy to make up its mind swiftly on the nuclear energy question. In the absence of an effective programme of power station development, the country faced a dangerous "energy gap," possibly as early as the coming winter.

The Confindustria president also spoke out implicitly in favour of the Bank of Italy, of which he was Governor until the summer of 1975, and which is under accusation in connection with finances made available to the troubled SIR chemical group.

Referring to the controversial charges laid against his successor Dr. Paolo Baffi, and Sig Mario Sarcinelli, another central bank senior official, Sig. Carli said that the magistrates could "lose their way in the legislative jungle and make involuntary mistakes to the detriment of Italy's most respected institutions."

Warning on Dutch wage costs

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH WAGE costs are expected to rise much faster this year than was at first hoped on the basis of agreements reached in the current wage round, a senior employers' leader has warned.

The steady decline in the rate of wages growth from 11 per cent in 1976 is expected to come to a halt this year.

High wage and production costs are seen as a major reason for the decline in industry's competitiveness and its steady loss of export markets over the past five years.

The Federation of Dutch Businessmen (VNO) now estimates wage costs will rise by 7½ per cent this year—the same rate as in 1978. This compares with the 5½-6 per cent rise forecast in September, the 6½-7 per cent figure given a month ago by the Central Planning Office.

Mr. Chris van Veen, the federation's chairman, told the VNO annual meeting that two-thirds of the wage agreements already reached provide for a small increase in basic wages on top of compensation for price rises. In every case, one or two extra days holiday have been granted.

The costs of early retirement are either met fully by the employers or, in many cases where the employees contribute they receive compensation in the form of a wage increase.

Although the 1979 wage round is not excessively expensive, the freeze on basic wage rates hoped for by the Cabinet will not occur, he said.

The recent Parliamentary debate which threw up suggestions for Government intervention in the wage talks ignored the real problem—the burden placed on business by the collective sector. After neglecting to base the Fl 10bn programme of spending cuts on realistic assumptions, the Cabinet now expects the employers and the unions to sort out the problems, said Mr. Van Veen.

The spending curbs were meant to create more opportunities for business to raise profits but they now threaten to leave industry with no room for manoeuvre. The Government, he said, appears to want to transfer on to the private sector the burden of making savings, while stimulating the public sector by raising taxes.

Swedish leaders fix issues for referendum

By William Dullforce in Stockholm

PARTY LEADERS agreed yesterday on the two alternative programmes for nuclear energy to be put to the Swedish people in a referendum but failed to agree on the date for the referendum.

The Liberal minority Government, the opposition *Social Democrats* and the Miderates (Conservatives) want to complete 12 of the 13 nuclear power stations projected in the 1975 programme and then call a halt.

The Centre Party and the Communists will campaign for the stoppage of work on the plants under construction and the closing down over a period of 10 years of the six nuclear power stations already operational.

They also want the referendum to be held as soon as possible in the autumn. The other three parties—who hold a majority in the Riksdag (Parliament) — prefer to wait for the results of the investigation into the accident to the nuclear power plant at Harrisburg, Pennsylvania.

Under *their* programme, the referendum would not be held until next spring or some six months after the general election due in September. The party leaders will meet again on May 15.

The way was opened for a national referendum on nuclear energy when Mr. Olof Palme, the Social Democrat leader, dropped his opposition shortly after the Harrisburg accident.

Yesterday Mr. Palme even said he would like to keep open the posibility of including a third alternative for an even quicker running down of the existing nuclear plants.

Oil consumption rise

Oil consumption in major OECD countries in January and February rose by 4.2 per cent over the same period last year, according to the Organisation for Economic Co-operation and Development, Reuter reports from Paris. Consumption in France, Germany, Italy, the UK and the Netherlands rose by 4.5 per cent, in the U.S. by 4.1 per cent and in Japan by 3.8 per cent. First estimates suggest weaker U.S. March oil consumption, it said.

THE LAW OF THE SEA CONFERENCE

Sea-bed mining accord close

BY BRIJ KHINDARIA IN GENEVA

THE STRONG possibility has emerged in six weeks of negotiations here that an historic new international treaty will be ready for signature next year laying down laws governing deep sea-bed mining, control of marine pollution, territorial limits at sea, and exploitation of ocean economic zones.

A large cross-section of delegates at the six-year-old Law of Sea conference made this optimistic assessment at the close last weekend of the latest session of talks attended by 1,100 representatives from 139 countries.

A further session of substantive negotiations, probably the final one, is due in New York from July 16 to August 24.

The most difficult task facing *the Law of Sea conference*, which held its first session in 1973, is the establishment of rules governing deep sea-bed mining. The ocean floors are estimated to contain billions of dollars worth of vital minerals such as nickel, manganese and copper.

The U.S., which does not share the optimism of many industrialised and *developing* countries about the likely early conclusion of the marathon negotiations, has said it is determined to push ahead with its own separate legislation concerning sea-bed mining independently of the conference's results.

Its chief delegate Mr. Elliot Richardson, did, however, *pledge in Geneva* that national U.S. laws would be superseded when the Law of Sea convention comes into force.

During the final week of the Geneva meetings, the group of 77, which represents all developing countries, circulated a letter charging that the unilateral legislation planned by the U.S. would "be invalid" and inconsistent with the principle of good faith in international negotiations.

The U.S. legislation is due to come before Congress during the autumn session. Defending the U.S. Administration's decision to push forward with the new legislation—which had earlier been held back awaiting conclusion to the Law of Sea conference—Mr. Richardson said further delay was likely to slow the development of new technology needed to mine in the oceans.

There is general agreement in the conference so far that sea-bed mining should be controlled by an international sea-bed authority, whose mining wing would be called the "enterprise." The authority would have *a decision-taking Council of* States and disputes would be settled by the sea-bed disputes chamber of a proposed Law of Sea tribunal.

It is also generally accepted that a private company will be allowed to mine the sea-bed only if it has a contract from the authority. To obtain a contract the enterprise will, at own cost, prospect the sea-bed and present the authority with two mineral-bearing areas of equal commercial value. Th-

The ocean floor is thought to contain billions of dollars worth of vital minerals. An international accord on deep sea-bed mining is therefore of great significance. The U.S. delegate to the Law of the Sea conference, Mr. Elliot Richardson (left), argued the view that a unilateral agreement to protect its own shore was necessary immediately.

authority two for use by the ... will allow the company t- the other.

The unsettled disputes concern how the authority and the enterprise should be financed, and how the enterprise will obtain the technology it needs. Developing countries have demanded that the enterprise should be given enough money at least for its first project—half in cash in the form of long-term interest-free loans and the other half in commercial loans guaranteed by governments. The Western nations say this would make the enterprise "an object of charity."

The Soviet Union has suggested that the private companies should also pay a royalty to the authority, while the West would prefer a mixed system combining a charge on output with a share of net profits. Developing countries are arguing for a lump-sum of $60m, half to be paid when the contract is awarded and the rest when commercial production begins.

A major tussle continues over whether private companies *should be obliged to share technology* with the enterprise and disclose their sources of supply, and whether this obligation should cover processing technology as well as that needed to extract the mineral.

Developing and developed countries, who are major exporters of minerals, have also demanded ceilings on output of sea-based minerals linked, for example, to growth of world consumption. This demand is being firmly resisted by the U.S.

Other differences concern voting rights in the decision-taking council and location of the authority. Fiji, Jamaica and Malta have so far put in bids to serve as the authority's headquarters. Dispute settlement procedures are also still not decided.

A "substantially improved prospect for a consensus" was reported to the conference by a working group dealing with access of developing land-locked countries to "surplus" fish in the economic zones of nearby coastal states. But problems persist over the definition of "surplus" fish stocks and ensuring that access to these stocks is "fair."

Disputes about fishing rights would be settled by "compulsory conciliation" resulting in non-binding recommendations, rather than by binding arbitration.

A consensus is emerging about the vexed problems of defining the outer limits of a nation's continental shelf, and deciding how income obtained from exploitation of continental shelf resources beyond the generally agreed 200-mile economic zone should be shared with other nations.

The need is to balance the argument of countries which say that the continental shelf is the natural prolongation of a state's land territory, with that of others which say that there must be some limit to the extent of national jurisdiction of states with broad shelves extending for several hundred miles.

For a state with a shelf going beyond the generally accepted 200-mile economic zone, the proposed outer limit would be 350 miles from shore, or an ocean depth of 2,500 metres plus 100 miles.

The setting of limits to continental shelves has become a key question partly because many such areas are thought to contain huge oil reserves. Under one proposal, which is likely to become the basis of a compromise, income from continental shelf resources would be shared with the sea-bed authority at a rate rising from 1 per cent in the sixth year of production to 7 per cent in the 12th year.

A hurdle still to be overcome is the delimitation of maritime boundaries of countries which are adjacent to each other or are opposite each other such as Britain and France.

Some countries argue that a line should be drawn equidistant between the two countries, while others think that "equitable principles" taking account of "historic title or other circumstances involved" should be given precedence.

The chairman of the working group, dealing with this issue, at one point said he doubted if the conference would ever be able to lay down precise delimitation criteria.

Substantive agreement has been reached on penalties for people held responsible for causing marine pollution, and criteria have been developed for the identification of such people. The problem was considered to be urgent partly because of the large number of oil-spills by tankers in recent years.

But agreement has yet to be reached on the rights of foreign vessels to conduct scientific research in territorial waters. The U.S. has held up its consent to provisions concerning the exploitation of continental shelf resources pending settlement of this issue.

OVERSEAS NEWS

Emotional crowds surround the coffin at Ayatollah Motahari's funeral.

Israel closes West Bank college after student shot

BY DAVID LENNON IN JERUSALEM

BIR ZEIT COLLEGE, a centre of Palestinian radicalism on the West Bank, has been closed down indefinitely by the Israeli Military Government following a demonstration during which one student was shot and seriously wounded, apparently by an Israeli settler.

At the same time the Israeli High Court has turned down an appeal by one of the college's students against an order expelling him to Lebanon.

The closure of the West Bank's leading institution of higher education followed a demonstration by some 100 Palestinian youths, many of whom were reported to be students of the college, against Jewish settlements in the occupied territory.

According to the Israeli Press, they waved Palestinian flags and barricaded the road through the town. Cars were stoned and shots were fired. The military authorities say there were no soldiers in the vicinity at the time.

Police investigations have focused on the theory that an armed Israeli civilian fired the shot which, the Jerusalem Post reports, came from a car carrying Jewish setlers to a nationalist march.

According to the newspaper, Maariv, the settlers at Neve Tsuf, five miles west of Bir Zeit, called a "general strike" today to protest against lack of security at Bir Zeit, a town through which they have to drive to reach Jerusalem. Israel Radio said the Neve Tsuf settlers were refusing to co-operate with the investigation into the shooting incident.

The expelled student, Mr. Riad Abu Awad was given his marching orders four months ago for having signed a letter of support for the PLO and sent it to the Palestine National Council meeting in Damascus. Six Israeli Arab students at the Hebrew University in Jerusalem who also signed the letter were confined to their home villages and ordered to report to the police twice a day for three months.

The High Court ruled yesterday that the expulsion order, issued by the Israeli Military Governor of the West Bank, was legal as the charge of incitement against the State of Israel was proven to its satisfaction.

Meanwhile, Mr. Menahem Begin, the Prime Minister, yesterday outlined his concept of the proposed autonomy plan for the West Bank and Gaza Strip to a Cabinet committee studying the issue.

The committee is expected to formulate Israel's stand on the issue of Palestinian self-rule within two weeks. This will be presented to Egypt at the bilateral talks on autonomy which are scheduled to start at the end of the month.

In Mr. Begin's view, the autonomy regime will be administrative only, not legislative, and it will derive its power from the Israeli Government.

In addition, Israel will retain control over all public and state land, so that Jewish settlements and Israeli Army garrisons can be set up on the occupied territory, and also to provide land for the resettlement of Palestinian refugees living in camps locally.

New attacks feared in Tehran

By Simon Henderson in Tehran

THE IRANIAN government has apparently made little progress in its hunt for the killers of one of the country's top religious leaders who was shot on Tuesday night, and government Ministers seem fearful of more attacks.

Mr. Abbas Amir Entezam, the deputy Prime Minister for Information, who is one of those mentioned as future targets of the Forghan group of *fundamental Moslems*, yesterday refused to answer questions about the terrorist organisation. Obviously worried, he said he had received four threats against his life the previous day.

Ayatollah Morteza Motahari, the member of the secret Islamic revolutionary council assassinated on Tuesday, was buried yesterday in the holy city of Qom south of Tehran. He was the second person shot by the group in ten days. The first, General Mohammed Vali Qarani, had been the army Chief of Staff in the first weeks after the revolution, when he had tried to re-establish the armed forces.

During the funeral procession yesterday through the streets of Tehran, another of the group's claimed targets, Dr. Ibrahim Yazdi, the Foreign Minister, was surrounded by a strengthened unit of bodyguards made up of revolutionary gunmen. The bodyguard shouted in chorus: "We will kill the one who killed our brother."

The Forghan group — the term means "holy book of the distinction between truth and falsehood" — has been suspected of being made up of pro-Shah loyalists trying to sow discord in the new Islamic republic by masquerading as religious extremists. But yesterday the crowd in the procession blamed the death of Ayatollah Motahari on the Left-wing and shouted "death to Communism," instead of the official slogan

Emirates' reserves decline

By Kathleen Bishtawi in Dubai

THE LATEST issue of the United Arab Emirates' Currency Board bulletin shows that monetary authority's assets and liabilities have declined to an all-time low.

The December, 1978 report shows the board's total balance sheet as standing at U.S.$1.5bn. compared with $2.9bn 17 months before. Foreign exchange and gold holdings have fallen from $1.90bn in March 1977 to $856m in November last year. In its commentary, the Bulletin itself delicately states that the board "did not enjoy any governmental deposits in foreign currency during the year."

But the figures do not appear to have alarmed local bankers in the UAE. One commented, shrugging his shoulders: "We have learned to live with a weak Currency Board. It is a fact of life in banking out here."

The declining support by the seven Emirate governments of the federation for the Currency Board is one of the major anxieties of board officials as negotiations continue on upgrading it into a central bank.

Young calls for new poll in Rhodesia

Britain or the UN should conduct fresh elections in Rhodesia to save the country from further bloodshed, Mr. Andrew Young, the U.S. Ambassador to the UN, said yesterday. Reuter reports from Port Moresby, Papua New Guinea.

Mr. Young said he hoped the U.S. would help Bishop Abel Muzorewa's Government by negotiating with other parties to the Rhodesian conflict. He proposed a UN peace-keeping force to enforce a ceasefire

Sanjay inquiry

Mr. H. M. Patel, India's Home Minister told parliament in New Delhi yesterday that he had ordered a judicial inquiry into clashes between police and supporters of Sanjay Gandhi on Tuesday, Reuter reports.

Philippines concern over delay on nuclear deal

BY DANIEL NELSON IN MANILA

United States delay in approving the export of nuclear technology for a $1.1bn Westinghouse plant in the Philippines is threatening to cause serious dislocation to this country's power generating programme.

The plant, originally due to be completed in December 1982, is the largest industrial project ever undertaken in the Philippines. It is also a vital component of the Government's effort to reduce its dependence on imported oil which now covers 95 per cent of its energy needs. Export approval for the components for the 620 MW reactor was expected last year.

A U.S. embassy spokesman in Manila admitted that the Nuclear Regulatory Commission, which looks at non-proliferation and safety aspects has been "a bit slow," but said he did not know the cause of the delay.

Daniel Ford, executive director of the Union of Concerned Scientists of Cambridge, Massachusetts, wrote to President Ferdinand Marcos alleging serious deficiencies in the design and engineering of the plant, including inadequate safeguards against earthquakes. Other critics have pointed to the volcanic hazards from Mount Natib, 14 kms from the site, and waste storage difficulties.

These allegations were denied by Westinghouse which commissioned an independent assessment. Its inquiry found no evidence that the project "cannot be expected to operate safely, reliably and economically."

PAKISTAN AFTER THE HANGING OF BHUTTO

An eerie calm masks the divisions

BY CHRIS SHERWELL IN ISLAMABAD

FOR A country that has just executed its former Prime Minister and best known political leader, Pakistan seems eerily quiet. Superficially, the burst of anger that followed the death of Mr. Zulfikar Ali Bhutto a month ago appears to have given way to the dry inexorable routine of daily life. In an outwardly placid society, publicly-displayed signs of passion are few. It is almost as though Mr. Bhutto has already been forgotten.

Under the surface the reality is very different. The military Government may be making the strongest efforts to wipe away the memory of the man, banning his photograph in newspapers, alleging in inspired articles that he was a traitor and even removing quotations displayed in public places. But, as the continued pilgrimage of thousands of people to his graveside near the remote village of Larkana eloquently testifies, Mr. Bhutto is not forgotten.

Nor are passions exactly subdued. Families, especially those with soldiers in them, are said to be divided. Recently re-opened universities and colleges are witnessing class boycotts, prayer meeting and, in one case this week, open clashes between pro and anti-Bhutto elements. Whether, among close associates of Mr. Bhutto or among the poorest peasants, the bitterness and resentment which preceded the furtive hanging is turning into hatred.

In this atmosphere the first signs of a Bhutto mythology are appearing. Local weeklies trading on the mystery surrounding Mr. Bhutto's last hours are selling out. The controversy is expected to grow with Miss Benazir Bhutto's rejection this week of any attempt to discover through the courts whether her father was tortured before he was hanged. Bhutto supporters demand that the four men sentenced to die with him should not hang after all, so that the "full story" of the case against him will ultimately come out. Mr. Bhutto's ghost is thus likely to be around for some time.

Moreover, the mindless violence which disrupted a May Day meeting of press workers earlier this week could erupt again when Mr. Bhutto's widow, Begum Nusrat Bhutto, completes her 40-day mourning period at the end of next week. Nation-wide prayer meetings are planned, and no doubt hundreds of steel-helmeted police will be standing by with guns and sticks to keep the peace. It is difficult not to conclude that it is martial law and fear of the lash which is keeping the country as quiet as it is.

Only a few of the hundreds of activists arrested in the months before Mr. Bhutto was hanged have since been released. Those who escaped such pre-emptive measures but were caught venting their feelings after the execution were quickly whipped as an example. The tough curbs on political *activity continue, and seem unlikely to be lifted after the May Day experience,* when some relaxation was allowed. Many people are convinced that that violence was a deliberate provocation.

On the face of it, though, General Zia Ul-Haq's own political position looks unassailable. His most powerful political enemy is dead, and the Pakistan People's Party, with its leadership ineffectual or disqualified from politics and its middle order activists in jail, is vanquished. The other parties, to many of whom were associated with the Military Government in Cabinet posts, have since pulled out—no doubt to escape the blame for Mr. Bhutto's hanging, but too late too act as a focus for the present discontent.

The big question is how this apparent invincibility is now used. Even those who saw virtue in Mr. Bhutto's removal from power 22 months ago agree that General Zia must not stay on indefinitely. The general himself appears to concur. In a careful piece of timing, the day before Mr. Bhutto finally lost the legal battle for his life, he announced that elections would be held on November 17. He has since repeated an earlier claim that he has no personal political ambitions.

But the general has also broken promises before, and has now entered the trickiest phase of any military government's rule, the time between the commitment to leave power and the departure itself—in this case made more serious by *Pakistan's continuing economic* woes. Few people expect elections in November. So low is General Zia's credibility rating that many of his critics foresee a confrontation with Afghanistan or civil disorder during an unwanted election for local government bodies

Gen. Zia (left) with Mr. Bhutto shortly after the coup.

AMERICAN NEWS

Petrol pushes up wholesale prices

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

STEEP INCREASES in the prices of petrol and heating oil more than offset an actual fall in the cost of food at wholesale level last month.

As a result, the U.S. Government's producer price index for finished goods rose in April by 0.9 per cent seasonally adjusted, compared with March, a continuation of the double digit level of inflation that has plagued this country throughout the year.

The overall increase in the index, successor to the old wholesale price measurement, was actually 0.1 per cent less than that recorded in February and March and is the smallest monthly advance since last November.

But while the statistics suggest that the consumer can expect some relief from soaring food prices at the retail level in the months ahead, they also demonstrate the pervasiveness of inflation throughout the economy.

The index for consumer nondurables other than food, for *example*, went up in April by 1.7 per cent, the largest monthly jump since July 1974. In this sector, petrol prices rose by 4.4 per cent in the month, the ninth consecutive monthly increase of more than 1 per cent, and home heating oil by 6.7 per cent, even worse than March.

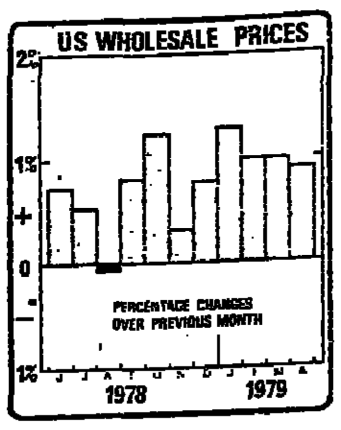
Overall the cost of all non-food items, durable and non-durable, went up by 1.3 per cent, an amount last exceeded in October, 1974. At the intermediate stages of processing, the non-food area went up by an even sharper 1.6 per cent, well above the level of previous months.

Only at the crude stage was light apparent: this index fell in April by 0.4 per cent, after having risen by 1.0 per cent in March, 3.3 per cent in February and 2.3 per cent in January.

The improvement in the food price picture has been anticipated for some time as the country recovers from the rigours of the winter. The finished consumer foods index fell in April by 0.3 per cent, after having risen by more than 1 per cent in six of the preceding seven months.

This was largely due to cheaper pork, coffee, fresh vegetables and poultry, while the prices of beef, veal, eggs and confectionery products rose less sharply than in recent months.

Nevertheless, with further energy price increases already in the pipeline, the wholesale index report offers only the most marginal encouragement for a nation wearied by inflation. One senior Government official was obliged to comment that, improvement on the food front notwithstanding, the overall picture was still "doleful."



Chase Manhattan raises prime rate

BY STEWART FLEMING IN NEW YORK

INTEREST RATES rose further in New York yesterday morning in response to the depressing news about inflation and last *week's decision by the Federal* Reserve Board to tighten credit.

Chase Manhattan Bank disclosed that it was raising its prime lending rate to 11¾ per cent, bringing it into line with most of the other major New York banks. Citibank, which sets its prime according to a formula, remains at 11½ per cent and will be announcing any change today.

In the bond markets, prices of long-term Treasury issues were weak as the market absorbed the heavy new supplies of securities.

Late on Wednesday the Treasury completed the sale of $2.01bn of 30 years bonds at a record average yield to investors of 9.23 per cent. Yesterday morning these bonds declined in price, raising the yield to 9.25 per cent.

The ten year notes the Treasury offered on Tuesday also fell back in price following an initial rise on Wednesday. Yesterday morning they were yielding around 9.36 per cent compared with 9.37 per cent

Mexican inflation rises to 27%

BY WILLIAM CHISLETT IN MEXICO CITY

CONFIRMATION that Mexico's inflation rate is going out of control, and will be way above the official 13 per cent target at the end of the year has come with Banco de Mexico's announcement that the consumer price index rose by 1.3 per cent in March.

This increase was a marked improvement from the 3.5 per cent rise in January and 1.4 per cent in February, but it nevertheless brings the annual inflation rate to 27 per cent. Last year, inflation was officially 16 per cent.

The Government recognises that inflation is one of the most urgent economic problems this year, but its efforts so far to control price rises have had little success. If inflation continues at the present rate, it threatens to unleash wage demands which could seriously upset the progress the economy has made since the peso was devalued in 1976.

Telephone workers have been on strike for the past week demanding a 25 per cent increase. Sr. Jose Lopez Portillo, Mexico's President, told them on May Day that the company could not go beyond its 13 per cent offer.

The private sector blames the increase on the Government's failure to stem the high growth *in the money supply.* Last August, it estimates, the money supply increase was 38 per cent higher than in August 1977, and it believes the inflationary effects of this are now being felt.

In private, government officials counter this accusation by saying that the Banco de Mexico, the central bank, has withdrawn several billion pesos, from circulation, and is limiting public and private sector borrowing in Mexico. But the private sector increasingly is seeking loans from abroad when it cannot get them at home, and this is difficult to control.

It is generally believed that inflation could end the year at about 18 per cent, with monthly increases slowing later this year. Even so, that would be 5 per cent higher than the target.

Reuter adds from Mexico City: The British Embassy here yesterday discounted reports that Deidre McStravick, a 20-year-old Briton serving five years in jail for drug offences, was to be released. An Embassy spokesman said the Mexican authorities sympathised with her plight, and promised to do whatever they could, within the law, but there was nothing definite about her release.

Kissinger may run for Senate

By Our U.S. Editor

DR. HENRY KISSINGER, the former Secretary of State, may run as a Republican Senate candidate next year, for the Connecticut seat of Mr. Abraham Ribicoff. Mr. Ribicoff, a Democrat, who is serving his third term in the Senate, announced yesterday that he would not be seeking re-election next year.

Dr. Kissinger has residency qualifications to compete in Connecticut, but has always said he would never oppose Mr. Ribicoff, a friend and a leading advocate for Israel on Capitol Hill.

Dr. Kissinger has also been considering bidding for the Senate seat in New York now held by the ageing, although robustly healthy Republican, Mr. Jacob Javits, another of the most prominent Jewish members of Congress and, like Mr. Ribicoff, keenly interested in foreign affairs.

Mobil suggests oil-pricing plan

BY DAVID LASCELLES IN NEW YORK

A CHALLENGE to President Carter's proposal to deregulate oil prices has come from an unexpected quarter: Mobil Oil, the country's second largest oil company.

Long known for its outspoken stand on public issues, Mobil says it believes there should be no increase in real prices of oil already under production. But in return for this, it argues that all newly produced oil should be completely deregulated. Mr. Carter's plan calls for phased deregulation of all oil prices by 1981.

Mobil's position was elaborated at the company's annual meeting yesterday by Mr. William Tavoulareas, its president, in Kansas City.

He said that this proposal would ease the heated issue of a windfall profits tax proposed by Mr. Carter to skim off some of the extra earnings the oil companies would reap from higher oil prices.

Although this is the only major alternative deregulation proposal so far put forward, its chances of acceptance are far from clear. Most of the oil industry supports Mr. Carter's plan.

The companies' individual positions vary according to whether or not they have a crude surplus, and where their main markets are.

U.S. criticism over commune

Leo Ryan

By David Buchan in Washington

A STATE department study, released yesterday, criticised the handling by foreign service officials in Washington and in Georgetown, Guyana, of events leading to last November's mass murder or suicide of some 900 members of the People's Temple commune.

The Department has been accused of not taking seriously enough repeated complaints by the relatives of the commune members that many at the People's Temple were being kept at Jonestown against their will by Mr. Jim Jones, the commune leader.

The department study, conducted by two retired State Department officials, was launched after strong criticism in Congress, one of whose members, Representative Leo Ryan of California was murdered along with five companions.

Venezuela may pardon guerrillas

BY KIM FUAD IN CARACAS

VENEZUELA'S last guerrilla leaders are preparing to abandon their armed struggle, encouraged by signs that the new Christian Democratic Government may forgive and forget their nearly 20 years of rural and urban warfare.

President Luis Herrera Campins last week announced that charges would be dropped against 20 men and women being tried in military courts for subversive activities, as part of his Government's pacification policy. None of those pardoned, however, were major figures.

The prospect of amnesty has led some insurgent leaders to appear openly in public.

Sr. Rafael Montes de Oca, the Interior Minister, has warned against hasty action, but police who had been pursuing the guerrillas for years are now ignoring them, apparently on orders from above.

Despite the guerrillas' enthusiasm, the Government may be having second thoughts about comprehensive pardons. In fact, most conservative sectors, including some members of the ruling Copei party, oppose a total amnesty. They believe some guerrillas are common criminals who should be arrested, tried and jailed.

The guerrilla leaders awaiting amnesty are diehards who rejected the pacification policies of the Christian Democratic Government of President Rafael Caldera (1969-73). At that time, most far-left parties abandoned subversion, and are now operating legally.

At the top of the list of notable guerrillas is Sr. Douglas Bravo, a legendary leader who broke with the Communist Party in 1965 and set up his own guerrilla group in the mountainous west of Venezuela.

As an indication of the new administration's attitude towards the guerrillas, Sr. Bravo is now living in Caracas, after years of hair's-breadth escapes from police and the army. A former colleague reports that he recently saw Sr. Bravo driving calmly down a busy Caracas avenue.

Sr. Herrera's pacification policy has been attacked by Venezuela's largest opposition party, Accion Democratica, which lost power in the December general elections. Sr. Carlos Andres Perez, the former President, recently warned of the dangers of pardoning "people in armed rebellion whose actions are confused with those of common criminals."

Many Venezuelans are sympathetic towards Sr. Perez's opinions. In recent weeks, the country has been shaken by a wave of crime. A score of banks have been robbed, in precise operations which many feel were carried out by guerrillas. In fact, Venezuelan guerrilla activity in rural areas was virtually eliminated by the military in the 1960s, and subversive operations have since moved to the cities.

The move towards amnesty has coincided with the first successful effort by legalised far-Left parties to establish a united front. Half a dozen far-Left parties, which received a total of 13 per cent of the vote in the December general elections, have now joined forces for the June 3 municipal elections, in which 1,475 posts are at stake.

Bermuda to investigate monopolies

BY KEITH HUNT IN BERMUDA

A SENIOR Canadian lawyer has been appointed to investigate monopolies and economic competition in Bermuda by Mr. David Gibbons, the Premier. The lawyer, Mr. John Quinlan, QC, who has recently retired as chairman of the Restrictive Trade Practices Commission, was "eminently suited to the task at hand," Mr. Gibbons said.

Mr. Quinlan is to start his investigation this month. He will meet people who have a special interest in the subject and members of the public will be invited to offer their views. The study was prompted by comments made after last year's Reisman report on economic opportunities for Bermuda in which Mr. Simon Reisman referred to the present system of small group privilege and dominance in local business circles.

Mr. Reisman said there appeared to be some scope for the Government to consider modest ground rules in monopolies and competition policy, which would contribute to the better running of free enterprise.

Mr. Gibbons said that Mr. Quinlan would examine in more detail certain charges made in the Reisman report. They included statements that a small number of strong firms were making monopoly profits; that firmly established companies had a dominant market position from which they could control entry and success in their market; and that by limiting competition from within Bermuda, the firms added to the cost of goods available to consumers.

Mr. Gibbons said that particular reference should be made to the importance of imports, wholesaling and distribution in the food, tobacco, liquor and drug industries, and to service industries associated with tourism.

Meanwhile, Bermuda is suffering a liquidity squeeze, with loan demands at the banks exceeding their ability to lend, and a shortage of mortgage funds.

The squeeze led to an interest rate war last month, quelled only when the banks agreed to limit rates paid on Bermuda dollar deposits so that the deposit companies could compete for deposits, the main source of mortgage money.

Mr. W. T. Wilson, chief general manager of the Bank of Bermuda, says that he believes that the situation could improve over the year. "We hope that an expected reduction in U.S. economic pressures in the latter half of this year, combined with an increase in foreign exchange earnings from tourism and the effect of the increase in the overseas investment tax from 5 to 10 per cent, should result in some improvement in Bermuda dollar liquidity."

The island, he said, would face continuing pressure on prices because of trends in North America. The local inflation rate, held to 6.4 per cent last year, should move closer to the present U.S. rate. The increase in the cost of energy had not helped.

... signal a victory

But it called for Holland

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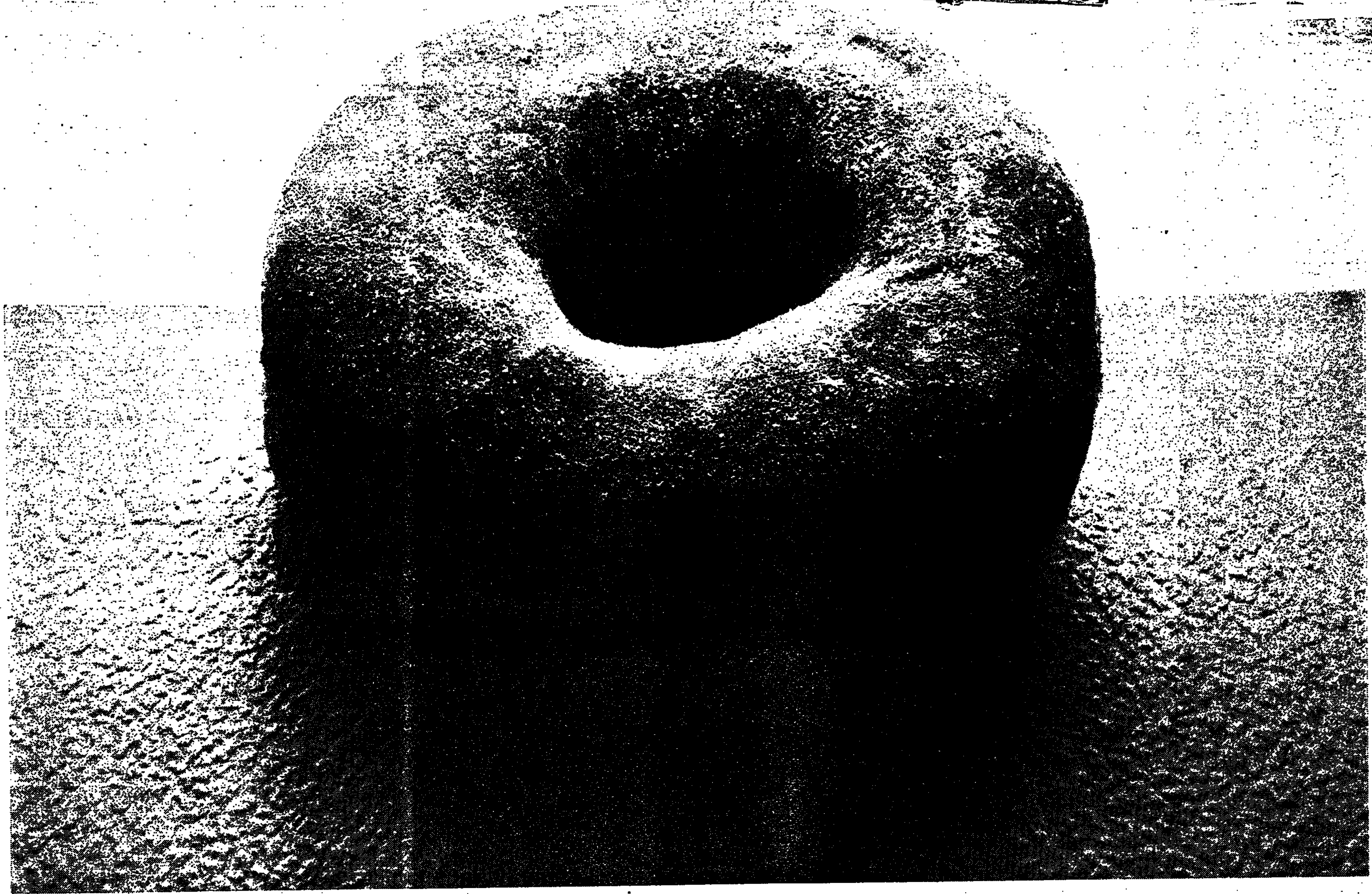

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WORLD TRADE NEWS

Japan to implement tariff cuts ahead of GATT deal

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN IS to start implementing tariff cuts agreed upon in the GATT multilateral trade negotiations (MTN) immediately after the agreement is signed later this year instead of waiting for three years while other parties to GATT "catch up" with the advance cuts it has already made, the Foreign Ministry announced last night.

The move means that Japan will be voluntarily exceeding its GATT commitments during the three-year period following the signing of the MTN agreement.

The ultimate level of Japanese tariffs (to be achieved at the end of an eight-year programme of progressive annual reductions) will not change as a result of the new proposals. Tariffs on "taxed" imports will average 5.5 per cent at the end of the eight-year period (or 3.0 per cent if non-taxed items are included in the calculation).

Japan's tariff-cutting offer in the MTN talks was originally based on the level at which its tariffs were "bound" at the end of the Kennedy Round, not on the level at which tariffs are actually applied.

The difference arises from the 20 per cent across-the-board tariff reductions carried out by Japan in 1972 (when the Government was seeking to avoid a forced revaluation of the yen) and from selective tariff cuts introduced in 1978 (under pressure from the U.S.).

Japan appears to have been fully within its rights in using Kennedy Round levels as the basis for its MTN offer, but its approach was criticised as "legalistic" by other parties to the talks.

The new tariff cutting timetable has been designed to silence such criticisms and (hopefully) to convince the U.S. and Europe that Japan means to pull its weight in post-MTN trade liberalisation efforts.

Apart from bringing forward the start of the tariff cutting timetable by three years, the proposals call for "double" reductions on some items in the first year. In other words some tariffs will be cut by quarter of the full amount during year one of the programme instead of by the statutory one-eighth.

The new tariff cutting proposals will have to be submitted to Japan's legislature separately from the MTN agreements themselves and may have a rougher passage through the Diet. This is because the measure will have to be approved by the Upper House of the Diet, unlike the GATT agreements themselves which only require Lower House approval.

The measures can be reviewed (and, in theory, presumably revoked) after the first five years of the eight-year programme but it is not suggested that changes are likely to be made to the programme in practice.

The decision to bring forward the tariff cutting timetable was announced here by the Japanese Government and simultaneously in Washington by Prime Minister Masayoshi Ohira.

The Government announcement says the move is intended to help re-establish equilibrium in Japan's international balance of payments and is meant to foster a liberal atmosphere in international trade.

Japan hopes other countries will share the responsibility of maintaining free trade in an "appropriate way," the announcement adds.

TV makers' dumping suit

BY DAVID BUCHAN IN WASHINGTON

A GROUP of U.S. colour television manufacturers yesterday filed a legal suit against Mr. Michael Blumenthal, Secretary of the Treasury, for allegedly failing to collect some $600m (£290m) in dumping duties from importers of Japanese colour TV sets.

The U.S. Treasury ruled in 1971 that Japanese sets were being sold in the U.S. cheaper than in Japan, or dumped. The Committee to Preserve American Colour Television (COMPACT) yesterday charged that only a token, some $6m of dumping duties, had been collected, though more than $2.5bn worth of foreign TV sets had been dumped in the U.S. since the Treasury ruling.

The Administration has certainly sought to mitigate the potentially enormous impact of the dumping ruling on trade with Japan, relying on an orderly marketing arrangement reached with Japan two years ago to moderate the inflow of Japanese TV sets. Officials for COMPACT, however, still say the marketing arrangement is not working, with a 6 per cent drop in the U.S. colour TV industry in the first nine months of 1978 compared with the same period in 1977.

Even if the law suit fails, the Administration will come under pressure this year from Congress to tighten its implementation of the U.S. Dumping Act, as a counterpart to Congressional approval of the reductions in tariffs and non-tariff barriers contained in the new GATT trade agreements.

ASEA wins $900m Brazilian contract

By William Dullforce in Stockholm

ASEA, the Swedish heavy electrical engineering group, has won a $900m order from Brazil for a 900-km long high-voltage transmission system between the world's largest hydro-electric power station at Itaipu on the Parana river and Sao Paulo.

The Swedes took the turnkey contract in competition with General Electric of the U.S. and a Swiss-West German consortium comprising Brown Boveri, Siemens and AEG. It is one of the largest orders for a single project ever obtained by a Swedish company.

Announcing the award of the contract by Furnas Centrais Electricas, Brazil's largest power utility, ASEA's managing director, Mr. Torsten Lindstroem, said his company's long experience and technical competence in high-voltage direct-current (HVDC) transmission had decided the issue.

ASEA had also had a big advantage in possessing its own manufacturing companies in Brazil. The Brazilians had stipulated that more than half the equipment was to be manufactured locally.

The contract consists of three parts. Equipment ordered from Brazilian industry, primarily ASEA's Brazilian subsidiaries, accounts for half. Engineering work and the manufacturing of electrical equipment in Sweden represents a further 35 per cent of the contract, while the remaining 15 per cent covers the construction of the buildings for the four converter stations.

The Brazilian consulting company, Promon Engenharia, a member of the consortium formed by ASEA to bid for the project, will be responsible for the construction work.

ASEA pioneered the technology needed to transmit energy at high voltage via direct current. It continues to lead in this field with 70 per cent of the HVDC systems in operation or under construction in the world using its technology.

Italian loan likely to raise ire

BY PAUL BETTS IN ROME

ITALY IS to grant East Germany a $500m 8½-year export credit line which could spark off a controversy because of proposed Italian concessions on insurance premiums to the East Germans.

Under pressure from East Germany, the Italian authorities, who are expected to formally sign the new export-credit agreement in Rome next month, are understood to have agreed not to charge an annual 0.1 per cent insurance premium over and above the 7.75 per cent interest rate.

This additional subsidy is likely to come under criticism in view of recent efforts by industrialised countries to eliminate export-credit competition and reduce subsidies in export financing through arrangements like the OECD's export-credit consensus, or the so-called "gentlemen's agreement."

Indeed, both the UK and the U.S. are understood to be concerned over the current low level of export-credit insurance premiums which are effectively below market rates. To this end, the UK recently increased its export-credit insurance premiums.

Moreover, the concession is likely to weaken Italy's bargaining position during forthcoming export-credit negotiations with other Communist countries, including China, Poland, Bulgaria and the Soviet Union.

Although the value of the actual concession to the East Germans is relatively modest in cash terms, other Communist countries could now ask for a similar arrangement.

Italy is expected to finalise with China a $1bn eight-year credit line carrying 7.5 per cent interest when a Bank of China delegation arrives in Rome on May 10. Following the East German loan, the Chinese could ask to reopen the negotiations.

Italy is also scheduled to negotiate a $300m credit line with Bulgaria and another loan for a so far unspecified amount with Poland early this summer. Towards the end of this year, Italy is expected to open negotiations with the Soviet Union for a new export credit line to Moscow.

The last time Italy negotiated an export credit line with Moscow for $650m, the deal came under sharp criticism because it apparently breached the OECD "gentlemen's agreement" on interest rates. The Italian authorities defused the issue at the time by claiming the lower 7.55 per cent interest rate did not represent an infringement because the export credit line was merely an extension of a previous loan granted to the Soviet Union before the consensus was formulated. A similar argument had earlier been used by the French on their extension of an export-credit line to the Soviet Union.

Belgium joins Airbus group

By Michael Donne, Aerospace Correspondent

BELGIUM HAS joined the European Airbus Industrie consortium to help develop the new 200-seat A-310 version of the Airbus.

Under an agreement between Airbus Industrie and a new company, Belairbus, which comprises all elements of the Belgian aerospace industry with the approval of the Belgian Government, the Belgian company will make the moving parts of the wings for the A-310.

These include slats, slat-tracks and flaps. The bulk of the wings will be built by the UK, through British Aerospace, which now has a 20 per cent stake in Airbus Industrie.

The Belgian share of the work amounts to about 3 per cent of the total A-310 Airbus programme.

● Air Canada, which is expected soon to announce its new equipment procurement policy for the 1980s, is believed to have chosen the Boeing 767 "semi wide-bodied" medium-range jet airliner, powered by Pratt and Whitney engines, similar to those in its fleet of long-range Boeing 747s, writes Robert Gibbens in Montreal.

KWU nuclear deal overvalued

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S Kraftwerk Union (KWU) says the DM 12bn (£3bn) value originally placed on its sale of nuclear power-plants and technology to Brazil, in what has been called the largest nuclear export deal of the decade, is too high. The actual figure is likely to be well below this, because of an increasing proportion of work to be done by Brazilian companies.

KWU signed contracts to build two 1,300MW nuclear power-plants at Angra dos Reis, 170 km south-west of Rio de Janeiro and has options and letters of intent to build six other nuclear power stations in Brazil. The company is also to provide what it calls the "nuclear infrastructure" and a re-processing plant.

The KWU spokesman explained that at first the Brazilians are contributing about 30 per cent of the work on the individual projects, but that this is expected to rise to 70 per cent later on. This, it is said, is why it is so difficult to place a value on the entire nuclear package.

KWU also has two 1,300 MW nuclear power stations, which are now half finished, in Iran. And the Tehran Government has not yet said whether it still wants them. The company has virtually written off chances of building four more nuclear generating stations, for which the Shah's Government had issued letters of intent.

Meanwhile Saudi Arabia has confirmed it has awarded a DM 1.5bn (£400m) contract to a consortium led by KWU for the construction of a desalination plant and power station at Al-Khobar. The contract was signed with the Saline Water Conversion Corporation.

KWU is to complete the first of five power-station units, each with a capacity of 150 megawatts, by mid-1982. The power station is linked with a desalination plant to be built by the French company, Sidem, which will produce 220,000 cubic metres of fresh water daily. KWU will provide the turbines and electrical engineering for the Al-Khobar II project.

£5m Iraq steel order

Darlington and Simpson have obtained a £5.25m order from Iraq for its special steel sections, which are used in the manufacture of steel window frames and doors. The sections will be shipped from Teesside during 1979.

CANTON TRADE FAIR

Facilities pressed by heavy demand

BY PHILIP BOWRING IN HONG KONG

THE BI-ANNUAL Canton Trade Fair is for the first time in many years finding itself hard-pressed to handle the rising tide of inquiries from visiting businessmen.

The four-week event, now heading into its final week, is the first one held since the normalisation of trade relations with the U.S., and it has become clear that the desire of foreigners and Chinese to do business with each other has grown much more rapidly than the amount of business which can be done.

The fair has also coincided with an Easter Holiday exodus from Hong Kong to Canton. The result has been overcrowded trains and accommodation, with businessmen camping on the floors of the Tung Fang hotel—the main hotel used by Western visitors.

Many traders are complaining that there is not enough to buy. At the same time, many observers say that Chinese foreign trading corporations had already committed much available production to foreign buyers through other channels before the fair, with the result that any buyers who are latecomers must face long delivery delays.

In addition some agricultural products are in short supply because weather has affected output.

The fair will probably do record business, but that is as likely to be accounted for by price rises as by volume. Last year, according to the Xinhua news agency, China's foreign trade grew 39 per cent overall, with imports up 50 per cent. But a much slower growth is expected this year.

The current fair does have some new features. For the first time, products assembled in China from foreign components under compensatory trading guidelines are on display, and these include calculators and tape recorders.

China is using the fair to promote foreign investment in Shenzhen, the town just across the border from Hong Kong, which it is developing as an export-processing zone.

Another feature of the fair is that all exhibits are for sale. In the past some items, mainly machinery, were displayed to show off China's progress, but they were not for sale because they were, at best, only prototypes.

This means that this year the light crop spraying aircraft on display may actually be bought as can the 24,000 ton tankers displayed in model form; whether there are any buyers for such items is less certain.

The opening to the West has cast doubts on Canton's continued pre-eminence in China trade.

Big deals, such as purchases of chemical plants and sales of oil and other bulk commodities, have always been largely done direct with Peking. Future growth in trade is likely to be centred on these types of major contracts.

An increasing number of foreign firms are setting up in Peking, and much business is also being done direct between Peking authorities and offices in Tokyo and Hong Kong.

At the same time China is contemplating building international trade centres in Peking and Shanghai, in addition to a new permanent facility at Canton. These centres would probably concentrate on items such as textiles and consumer items.

The effect would be to decentralise away from Canton, and make trade presentations an ongoing affair—as they are effectively becoming — rather than a twice-yearly mass ritual.

China's foreign trade could grow by as much as 25 per cent annually but certainly not less than 10 per cent through 1985, Reuters reports from Hong Kong. Mr. Louis Saubolle, a vice-president with the Bank of America, told an investment seminar that while 1978 was a good year with imports rising 50 per cent to $10.6bn (£5.2bn) and exports up 28.6 per cent to $10.2bn, it is unlikely that China will meet many of its 10-year development plan targets, ending 1985. China's small 1978 trade deficit was more than offset by non-trade earnings, particularly remittances from overseas Chinese and tourism revenue.

UK NEWS

GLC road plan sparks row

BY PAUL TAYLOR

A MAJOR SPLIT on the Docklands Joint Committee—the body responsible for re-developing London's docklands—appeared inevitable yesterday after the Greater London Council confirmed plans to push ahead with a £130m southern relief road through the heart of the docklands.

The GLC's proposals have consistently split the committee but the council's latest proposals threaten to cause an even greater division between its members.

The London boroughs of Newham, Southwark and Tower Hamlets have joined the committee in opposing the scheme because of its unproven benefits and high cost.

Yesterday, Southwark accused the GLC of "trying to go it alone," while the committee promised a "major fight" over the plans.

The road was last discussed by the committee in December when the GLC was asked to "think again" about its proposals.

Nevertheless, the GLC has prepared a report and background papers to be put before its planning and communications policy committee next month which suggest that the council should press ahead with the road in spite of the opposition.

The planning committee is also to be asked to consider avoiding the normal planning procedures — eliminating the need for a public inquiry—by seeking direct approval for the scheme through a Parliamentary Bill.

The background papers are believed to support the opponents to the scheme who suggest that the road would cause the loss of about 600 jobs, the demolition of about 400 homes and could further threaten the future of the India and Millwall Docks.

Doubts have also been expressed about the environmental impact of the road and about the need for the road.

One possible reason for the GLC's apparent determination to press ahead is that it would add weight to a possible bid by the council to hold the 1988 Olympic Games in London.

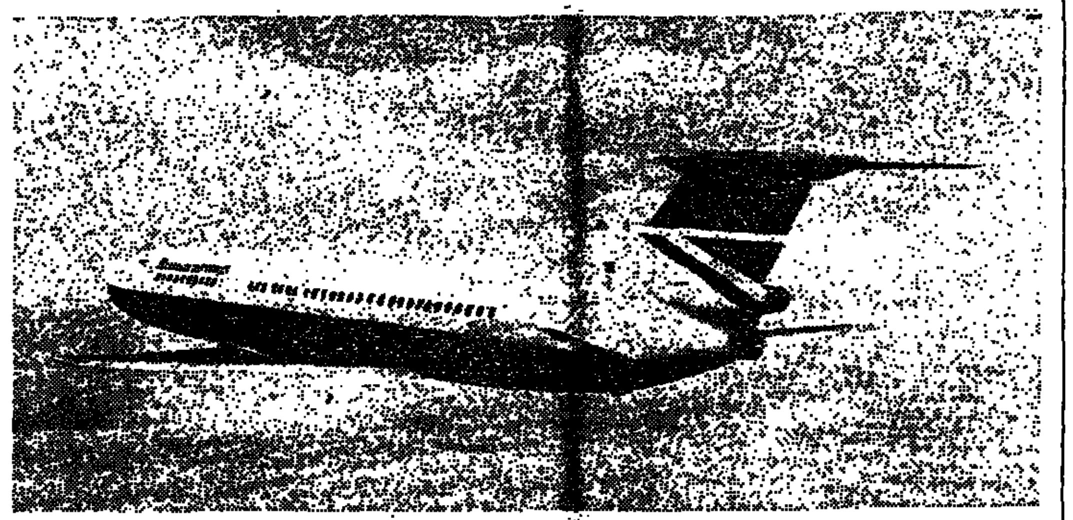
It appears more likely, however, that the Conservative-controlled GLC would want to take immediate advantage of any change of government to press ahead with its more controversial plans.

The future role of the Docklands Joint Committee would be called into question if the plans go ahead the committee said yesterday.

In the long term any attempt to avoid a potentially embarrassing public inquiry into a road scheme in an inner city area with a Parliamentary Bill could have serious repercussions.

Grounded Trident fleet all back in service

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



British Airways Trident III in flight

ALL 56 TRIDENTS in British Airways' fleet were back in service yesterday, following Wednesday's grounding of the fleet for investigation following reports of "heavy aileron controls" on Tridents flying the Belfast-Heathrow route.

Detailed checks of the ailerons showed no structural faults, and on only two aircraft—those on the Belfast route—was there any "heaviness" in the aileron controls.

This was subsequently explained by the de-icing fluid used on those aircraft, which was found to be gelling during flight. The snag was in turn attributed to a fault in the spraying gear used to apply the fluid on the ground, which had caused it to be applied too thickly.

British Airways' swift reaction to the possibility of a fault, however, stemmed from the fact that most of the Trident fleet is now ageing—the earliest models entered service in 1963-64. Moreover, last year a number of cracks were found in the wings, grounding the fleet.

While the 25 Trident Threes still have several years of flying left and are expected to be in the fleet through the 1980s, the earlier 31 Trident Ones and Twos are expected to be all phased out by 1985-86 because of age, increasingly unacceptable noise levels and inefficient fuel consumption at a time of soaring fuel costs.

To replace them, British Airways has already ordered 19 Boeing 757 narrow-bodied short-to-medium range airliners, with Rolls-Royce RB-211-535 engines, and 19 Boeing 737 short-haul airliners (with another nine for British Airtours), costing in all well over £400m.

The first 737s are due for delivery from 1980 onwards, while the 757s are due for delivery from early 1983.

Retail sales rise of 3% forecast

By Our Consumer Affairs Correspondent

ABOVE-AVERAGE growth in retail demand is expected this year by stockbrokers Phillips and Drew according to their latest retailing review.

The stockbrokers suggest that the projected upturn in price inflation this year is likely to lead to a slow-down in the growth in real incomes. "Nevertheless the year as a whole should see an increase in real disposable incomes of about 2.5 per cent, and against this background we look for an improvement in retail sales volume of around 3 per cent," say Phillips and Drew.

The brokers point out that although this is rather less than the 5 per cent growth in 1978, it still represents an above average growth in retail demand. But Phillips and Drew also warn that their "tentative projections for 1980 suggest that real growth may only be about 1 per cent."

In the High Street grocery price war, the brokers suggest that in spite of sluggish demand for food, "the price war is slowly abating and we expect this trend to continue during 1979 giving a small increase in gross margins for the year as a whole."

Goodison flies in for Jimmy Young panel

Financial Times Reporter

MR. NICHOLAS GOODISON, chairman of the Stock Exchange, flew from Johannesburg yesterday to appear on the Jimmy Young Show on Radio 2 this morning.

He and Sir John Methven of the CBI will represent the City and industry on a 12-member panel which will sum up the last stages of the election.

The panel includes Mr. Tom Jackson, secretary of the Union of Post Office Workers; Mr. David Steel, Mr. John Pardoe and Mr. David Alton for the Liberals; Mr. Peter Walker and Mr. Norman St. John-Stevas for the Conservatives; and Mr. William Rodgers and Mr. Peter Shore for Labour.

'Stop state meddling'—car chief

THE INCOMING Government should avoid "unnecessary" intervention in industry, and encourage individual enterprise, personal savings and investment, Sir Barrie Heath, president of the Society of Motor Manufacturers and Traders, said yesterday.

In the past three months there had been a further decline in the already poor output of the motor industry. Output in the first quarter was 9 per cent below last year despite near record sales in the UK. The new Government should "give us all the incentive to reverse almost everything which has dragged us down over most of this decade."

Among Sir Barrie's other proposals was that the Government should "never again treat sales of British goods in Britain as an industrial regulator"; should encourage adequate rewards for skilled workers; and direct local and national spending into improved education, communications and transport "which are essential to our industrial and social rejuvenation."

The Price Commission's investigations into the car parts industry, he said, "absorb valuable management time in an exercise which may be expected to cost a lot and produce nothing of value at the end.

"We must hope that the next Government will reduce interference of this kind for all industry," he said. "British industry is sufficiently stretched in meeting its real objectives without having added weights of this kind under the saddle. None of our international competitors has to suffer the same degree of Government harrassment."

Peugeot says diesel car saves on fuel

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CAR which will travel from London to Glasgow on one tank of fuel for just over £8 will be launched in the UK by Peugeot at the end of May.

It is the diesel version of the popular 305 saloon, first seen at the Geneva Motor Show in February.

The 305 GRD will cost £4,250 compared with £3,655 for the petrol-engined equivalent. But Peugeot claims its fuel consumption is 36 per cent better in urban travel, clocking up 40.3 mpg against 29.7 mpg. At a steady 56 mph it is 23 per cent better (53.3 mpg against 43.4 mpg) and the car is 18 per cent better at a steady 75 mph (36.7 mpg against 31 mpg).

Peugeot will inject further excitement into the UK market for diesel cars early next year when it introduces the 604 D Turbo, also recently announced.

But it has a long way to go before Britain catches up with other European countries. Last year, only 3,535 diesel-engined passenger cars were sold in the UK representing 0.23 per cent of total registrations. This was a slight increase on the 2,673 (0.2 per cent) in 1977.

By contrast, diesel cars accounted for about 6 per cent of the Italian new car market last year, and about 5 per cent in Italy, Belgium and West Germany.

Peugeot says it is the market leader for diesel cars in the UK, taking 39 per cent of sales which totalled 920 in the first quarter of 1979 (0.196 per cent of the market).

The group has 50 years' experience in designing and building diesel engines and now has a daily output of 1,000 units.

Boot and shoe deliveries drop

IN THE three months to the end of January deliveries in the footwear industry were about 3 per cent lower than in the previous three months to end-October 1978, according to Department of Industry statistics.

Net new orders were 9 per cent higher than in the previous three months. At the end of January orders in hand were 6 per cent fewer than at end-October 1978.

The index of output (1975=100) in January was 94 compared with 100 in January last year.

Chrysler prices 6.4% up

CHRYSLER UK today announces a wide range of price increases averaging 6.4 per cent on its cars and commercial vehicles. Other UK-based companies can be expected to follow soon, but probably not until next month.

Chrysler UK last put up most prices in December, by 5 per cent, which took the total average increase in 1978 to 13.8 per cent. Since then prices of the French-built Horizon have been put up 2.1 per cent.

Not all vehicles are affected by today's move—excluded from the car list are the Alpine Sunseeker, Rancho and Avenger Special models. Typical price examples include: Sunbeam LS 1.3 up from £2,732 to £2,895; the Alpine LS 1442 cc up from £3,498 to £3,698 and the Horizon LS up from £2,800 to £3,013.

Chrysler UK, which in January became part of the PSA Peugeot Citroen group of France, is expected to show a

Jobs for 200 at Hotpoint

THE HOTPOINT electrical appliance company, Peterborough, is planning to take on an extra 200 workers to produce a new range of refrigerators and freezers in a factory extension now being built.

Ford withdraws ambulances

MORE THAN 200 Ford Transit ambulances built in 1977 have been withdrawn from service following discovery of steering difficulties which are being investigated.

Ford said: "There was a report from one driver of the steering being irregular and another has since come to light." There was no question of a steering failure.

TT sponsor

THIS YEAR'S Senior TT, the Isle of Man motorcycle race, is being sponsored for the first time by Quinton Hazell, of Leamington Spa. It will be run on June 4.

CONTRACTS

Harvey Plant orders £2.5m lift trucks

Harvey Plant of High Wycombe has placed a £2½m order for 240 fork lift trucks from the range of materials handling equipment manufactured by COVENTRY CLIMAX. It includes an option on a further 120 trucks.

*

The conveyor belting division of the FENNER GROUP has been awarded a contract worth nearly £1.5m for conveyor belting for use in the People's Republic of China. Place by the Dowty-Meco mining equipment company, the contract is for solid-woven PVC conveyor belting—with fasteners, spares and machines manufactured by Fenner subsidiary Mastabar—to be used in conjunction with Dowty equipment in China's rapidly developing coal mining industry.

*

TURRIFF PIPELINES, a division of Turriff Engineering, has been awarded three British Gas Corporation contracts worth over £1m. For the North-West region, Turriff is handling construction of 5 km of 600 mm diameter welded steel pipeline as part of the East Manchester reinforcement scheme. For the same region, Turriff is handling construction of 9 km of 200 mm nominal diameter pipeline for gas supply to ICI Hindlow. Turriff has also received a contract from Scottish Gas for construction of 50 km of 180 mm polyethylene pipeline running between Castle Douglas and Newton Stewart.

*

LESSER has been awarded a £1m contract by the Property Services Agency for a three-storey extension to the HQ offices of the Post Office supplies division in Queen's Drive, Swindon.

*

A contract worth £1m has been secured by CARRIER-ROSS for machine hoods and ventilation services for the 5.4 metre trim width board machine to be installed by Thames Board Mills at Workington Mill as part of a £53m expansion project to treble the mill's capacity. The equipment includes totally-enclosed hoods for the drying section, pocket ventilation systems, a high performance retractable machine glazing hood, special wet-end ventilation, motor cooling plant and environmental air systems for the machine room and ancillary process areas.

*

FIELDING PLANT DESIGN has won a design contract from Chesterfield Cylinder Co. Inc., Enid, Oklahoma, U.S. (a Tube Investments subsidiary) for a hot seamless steel cylinder manufacturing installation to make high pressure cylinders up to 267 mm o.d. and 2 metres long. Total value of the new plant is about $20m (£10m).

UK NEWS

Three-word key for election officials

BY PETER BARNARD

A THREE-WORD dictum has been in the minds of Britain's returning officers this past five weeks and a few of them may well have recited it to get off to sleep this morning.

The phrase is "Separate . . . verify . . . count" and it holds the key to the planning behind the UK's most unusual election day.

Although a corporate groan might have been forgiveable when officials were first told the general election and district council elections would be on the same day, most were relieved to get it over in one exercise.

But problems remained and trying to solve them has cost time and money. More staff have been involved—about 50 per cent more in places—and printing costs rose because white papers were used for the general election and grey ones, twice the size, for the municipal vote.

There have also been greater risks. When all the statistics are available a higher than usual number of spoilt papers is almost certain. One predicted problem was that some people, having drawn two ballot papers when they entered the polling station, might throw away the one for the municipal election—such is apathy. That would delay the count because of a clash between the presiding officer's tally of votes cast and the number actually in the box.

There were further difficulties in some areas, often rural ones, where municipal and general election ward boundaries do not coincide. This meant that after separation, boxes had to be taken long distances for the municipal count (already the phrase "boxes that pass in the night" has gone into the electoral language).

Mr. Andrew Forbes Watson, town clerk and chief executive at Plymouth, has spent the last 24 hours as that city's returning officer. His local and national election boundaries coincide, but he has had other problems—not least the media spotlight that has fallen on Plymouth Guildhall, where television has been allowed in for the first time. The close interest was in the city's two marginals — Devonport, which is being defended by Dr. David Owen, the Foreign Secretary, and Drake, being defended by Conservative Miss Janet Fookes.

Drake and the staunchly Conservative third Plymouth constituency, Sutton, have electorates around the national median of 60,000. With the addition of Devonport (48,000) that amounts to 20 wards and a total of 170 ballot boxes.

This is what happened at Plymouth last night:

At 10 o'clock, when the polls closed, the number of ballot papers in each box—for both elections—was checked against the presiding officer's figures. That, it was hope, would take care of the verification.

Next, the ballot papers were separated into municipal and general elections. The municipal papers were put into a box, sealed and put away.

Then came the count. In Plymouth Guildhall, this involved some 140 people — bank clerks, Post Office workers and council staff. They were watched by scrutineers—"sometimes," said Mr. Watson, "the counters go a bit too quickly for the scrutineers, especially bank staff."

After that, only recounts or disagreements could hamper progress.

At 10 o'clock this morning, while the nation pores over the general election figures, Mr. Watson and his staff will be back—to start the municipal count.

"NOP have you ahead in the recount, but Marplan and MORI have you behind!"

First Manx distillery since 1867

Financial Times Reporter

THE Manx Finance Board, under powers granted by Tynwald, has issued an order bringing Manx legislation in line with the consolidation of Customs and Excise Acts by the UK.

One important change is the repeal of the Manx Distillation Act of 1867, which banned the establishment of distilleries in the Isle of Man. Now it is planned to start one, probably next month.

Modifications to the UK Acts in most cases only apply to local conditions, such as legal titles. In cases where the amount of fines is not clearly defined, the order lays down specific penalties.

The Manx Treasury pointed out that negotiations with the British Government for the transfer of Customs and Excise control to the Isle of Man continue. When they are completed Tynwald will fix its own rates of duty and VAT, applicable to the Isle of Man.

Brokers observe recovery after winter slowdown

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK economy is now clearly recovering after the winter slow down but the upturn is unlikely to be sustained beyond the summer, according to stockbrokers de Zoete and Bevan.

In its latest monthly economic survey the firm highlights the rising rate of volume growth of retail sales, the renewed fall in unemployment and the rapidly gathering momentum of credit demands.

This view is in line with increasing evidence from industry and survey data showing a brisk upturn in economic activity after the short setback earlier this year.

A similar, though slightly more hedged, view is taken by stockbrokers Capel-Cure Myers. "The major area of uncertainty remains the underlying strength of the economy. The latest evidence is that industrial output is slightly more buoyant than it appeared a short while ago but still has to be confirmed. confirmed.

"Our view is that output is likely to recover over the coming months but, with international competitive pressures mounting, the rise in manufacturing output during the course of 1979 as a whole is likely to be only modest," forecasts Capel-Cure.

Mr. Michael Hughes, de Zoete's economist, argues that the upturn will not be maintained. He cites the prospect of a higher rate of inflation in the second half of this year than at present which will tend to reduce real income gains.

There is, he claims, already evidence to suggest that the rate of monetary expansion is again rising swiftly which implies that the money supply may soon exceed the desired target levels. This will require another tightening of monetary policy and which may be supported by a more restrictive fiscal policy.

Mr. Hughes also argues that the rate of growth of exports will begin to decline as a combination of a reduction in the UK's competitive position and a sharp downturn in world trade takes effect.

de Zoete believes the prospects for world trade over the next 18 months look particularly dismal. This is because the rate of change of world real money supply (after adjusting for inflation) fell dramatically last year. This reduction was due not to a sharp rise in world inflation rates but rather to the tightening of monetary policies in each of the major western economies.

Monetary policies appear to have been tightened further in the opening months of this year and world inflation rates have risen. This suggests that in the absence of any compensating action the downturn in world economic activity now heralded for 1980 may continue into 1981.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Pension Fund Unit Trust steps into U.S. market

WITH 13 years of experience behind it and a £200m-plus portfolio under its arm, the Pension Fund Property Unit Trust is set to take its first tentative steps into the U.S. property market.

According to Mr. Roy Nightingale, PFPUT secretary, the move is not a response to the fashionable interest now being shown in the U.S. sector but forms a logical progression for a fund determined to improve its geographical spread.

Mr. Nightingale has spent about a year examining prospects for PFPUT in the U.S., not least the tax situation affecting trusts and pension funds and the underlying strength of the commercial and agricultural real estate market.

Although it seems clear that news of the first investment deal is not very far off, Mr. Nightingale is confining himself to making assurances that the fund's first transatlantic moves will be modest. He said: "We intend to dip our toes in the water and test the temperature. It is very difficult to find good investment property over there but we believe we are a little more sophisticated than our American counterparts and that we have the edge over many of them in spotting and arranging deals offering a good return."

Somewhat nearer home, the fund, one of four managed by the Property Unit Trusts Group which acts on behalf of over 750 pension funds and charities, has been increasing its European portfolio.

Within the past few months, it has acquired two prime shop investments in Holland. It paid £750,000 for a property in The Hague, let to Dorothy Perkins, and another £400,000 reversionary investment in Amersfoort near Amsterdam.

The fund is also involved with the Bernard Sunley Investment Trust in a £6½m shop and office development in Hanover. Work is under way and almost half the space has beenpre-let.

A pioneer among property unit trusts (there are now 24 in the UK), PFPUT was set up in 1966 to enable the smaller pension funds to invest in property on a cooperative basis. Its role remains principally the same, even though some big names like the Gas Board Pension Fund and the West Midlands Local Authority Pension Fund, with a large number of blue-chip company funds, have now become unit holders.

This week, PFPUT announced it had passed the £200m portfolio mark, the first time a property unit trust had done so. The fund now owns 122 properties—with an aggregate cost of £120m and open market value of £176m—and also has over £33m on hand for future investment. Current net yield is some 5 per cent.

Since 1966, the subscription price per unit (exclusive of income) has risen by nearly 80 per cent. At the moment, about a quarter of the fund's UK investments are in agricultural land, a third in offices and the rest divided between industrials and shops.

With predictions in the air that the £1bn invested in property by insurance companies and pension funds is due to rise to £3.5bn by 1984, the fund sees plenty of scope for further growth.

● **Lincoln House in High Holborn, WC1, has been sold for a figure approaching £3½m to the Merchant Navy Officers Pension Fund, reflecting an initial yield of about 5¼ per cent. Freeholders of the building, which comprises 35,000 square feet of offices on seven floors over shops now let, were the special trustees for St. Bartholomew's Hospital. They were jointly represented by Debenham Tewson and Chinnocks and St. Martins Property Corporation, the head leaseholders, while St. Quintin acted on behalf of the Fund.**

● **A RENT** of £50,000 per annum exclusive—equating to £18.25 per square foot—is asked for 63, Coleman Street, EC2, which offers 2,740 sq ft of office space.

UK deals in Houston, New York

THE GROWING role of UK agents in the U.S. property market is this week underlined by news of two major office deals on the other side of the Atlantic. In the heart of downtown Houston, Texas, Eastern Realty Investment, represented by Richard Ellis, has made a forward commitment to buy Ten-Ten Lamar, a 20-storey office tower in the city's commercial and financial centre.

The building will provide 325,000 sq ft of space at rentals ranging from about £6.50 sq ft to £9 sq ft.

In New York, Jones Lang Wootton has just completed the largest letting of the year in the city's financial centre, where 130,000 sq ft at 30 Broad Street has gone to Morgan Guaranty Trust at a rental of around £6.50 a sq ft—somewhat less than it is paying for Morgan House in the City of London.

Only 20,000 sq ft is now left in the 50-storey tower which was acquired earlier this year by JLW for a joint partnership venture between the William Kaufman Organisation and Brina Incorporated.

JLW has also just advised the partnership in the purchase of two adjoining Broad Street properties and a decision on whether to refurbish or rebuild will be made soon.

Exceptionally good class Long Leasehold Investment.

NEW BOND STREET & OXFORD STREET W.

PARTICULARS WITH CONDITIONS OF SALE

OF THE MODERN AND HANDSOME

CORNER BLOCK OF

West-End Business Property

KNOWN AS

Nos. 85 & 86, NEW BOND STREET,

AND

Nos. 327 & 329, OXFORD STREET, W.,

Occupying one of the most commanding and important Corner Positions in the West-End of London, with extensive Frontages to Bond Street and Oxford Street.

Held for a term which (including right of renewal) has over SEVENTY YEARS UNEXPIRED. The whole sublet on Four Underleases to first-class Tenants, and producing

PER £2,155 ANN.

TO BE SOLD BY AUCTION BY MESSRS.

Elliott, Son & Boyton,

AT THE MART, TOKENHOUSE YARD, E.C.,

On MONDAY, the 31st day of MAY, 1897,

AT TWO O'CLOCK—IN ONE LOT

(UNLESS PREVIOUSLY SOLD BY PRIVATE TREATY).

Can be Viewed by permission of the Tenants, with Orders from the Auctioneers. Particulars with Conditions of Sale may be obtained of Messrs. Gadsden & Treherne, Solicitors, 4, Bedford Row, W.C.; at the Mart; or at the Auctioneers' Offices,

6, VERE STREET, CAVENDISH SQUARE, W., and "Berkeley House," 33, Cambridge Street, Hyde Park Square, W.

This historic document found in the archives of London estate agents Elliott Son and Boyton, provides a fascinating glimpse of the Victorian property market just before the turn of the century. An annual rental for a corner site on London's Oxford Street and New Bond Street of £2,155 would be more than a snip at today's prices.

Since these words were written the area has been redeveloped and the site now forms part of Ravenseft House, where the Kuwait Oil Company holds a sub-lease on four stories of offices. It is seeking to let one of these floors of 4,700 sq. ft. at a rental of about £65,000 a year.

Taylor Woodrow presses eastward

HOW MUCH more development can the City take before something gives and the definition of an "acceptable" location for offices has to be reviewed?

Just a brisk walk from London Bridge, Taylor Woodrow is pressing ahead with the latest phase of an ambitious £80m redevelopment scheme which in some respects gives an idea of what could be done east of the Square Mile.

While the seemingly endless debate on the future of London's Docklands goes on, work has started on the £20m-plus second phase of the world trade centre building which is due for completion in 1981 and which will put another 220,000 sq ft of space on the market.

The revival of St. Katharine's Dock, purchased from the Port of London Authority by the GLC in the late 1960s and leased to Taylor Woodrow, has been far from easy. But there is no doubt that it has generated new interest in an area which, in spite of its proximity to the City, has never been seriously considered as an overspill area.

The attraction of the Taylor Woodrow development may well ensure its overall success, but there are signs that interest is perking up in the somewhat less appealing area beyond St. Katharine's ancient walls.

Last autumn, Overseas Containers won planning permission for a major office development on the City border and Carron Investments obtained the go-ahead for an office and apartment complex on a Thameside side adjacent to St. Katharine's. Insurance brokers J. H. Minet have recently seen the completion of new headquarters close to the docks complex and others preparing to take new space to the east of the City include News International, which is to develop 13 acres of the former docks, Sedgwick Forbes and the National Westminster Bank.

Future progress will depend to a large extent on the co-operation of Tower Hamlets council, which has been cautious in its approach to the area's revival but which is only too well aware that St. Katharine's alone now contributes more in rates (£1.25m a year) than the PLA ever did for its entire holding within the borough.

Within St. Katharine's, which finds it has become as much a tourist attraction as an international trading centre, the top floor of the existing world trade centre building has just been vacated by the PLA and all 17,400 sq ft is on the market for around £13 per sq ft. A further 9,550 sq ft in the Ivory House—the dock's centrepiece—is also vacant at around the same price.

No space in the second phase of the world trade centre building—still two years away from completion—has been pre-let.

● **COMPASS SECURITIES has let the 2nd-5th floors at 42-44, Grosvenor Gardens to Standard Commercial Tobacco Services. Rent for the 8,000 sq ft of refurbished space was close to £100,000 per annum. Michael Laurie acted for Standard Commercial and Diamond and Co; with joint agents Robert Cutts represented Compass.**

INDUSTRIAL AND BUSINESS PROPERTY

APPOINTMENTS

Board post at Dunlop

Mr. E. W. S. Ashton has been appointed to the Board of DUNLOP LIMITED following his recent move from *Angus Fire Armour* to director of Dunlop Engineering Group. He joined Angus Fire Armour in 1949 as chief research engineer at the company's Bentham works in North Yorkshire and then held successive positions as manager textiles, general manager of the Canadian operation and general manager Bentham works. He became deputy managing director in 1972.

★

Mr. W. A. L. Roberts, managing director of MANCHESTER LINERS, is to take over the additional position of chairman on July 11. **Mr. R. B. Stoker** is to relinquish the chairmanship and resign from the Board on that date to reduce his commitments.

★

Mr. Clifford E. G. Bushby has been appointed managing director of the foundry and engineering group of W. WILLIAMS AND SONS (HOLDINGS) based in Caerphilly, South Wales. He was previously divisional chief executive with Heatrae-Sadia Heating.

★

Mr. Dave Keller, managing director of Motorola Electronics, has been appointed a vice-president of MOTOROLA COMMUNICATIONS INTERNATIONAL INC., and director of Motorola's European distribution. He will be based at Taunusstein, near Frankfurt. His successor as director of Motorola's UK distribution will be **Mr. Al Tingey.**

★

Mr. M. D. Savva has become sales director of OTTERMILL (Westinghouse Electric).

★

Mr. John T. Carter has been appointed to the Board of *DARLINGTON AND SIMPSON ROLLING MILLS* as managing director. **Mr. Allister McAllister** has relinquished that position *but continues as executive chairman.*

★

Mr. T. Marrison was appointed technical director of RIVER DON STAMPINGS, a member of the steel division of Johnson and Firth Brown.

★

Mr. R. W. Bale, managing director of Mears, has been appointed a director of the *parent company*, EDMUND NUTTALL.

★

Mr. W. Officer has been appointed to the Board of DICK BARINGS. He joined the company in 1951 and for the last 20 years has been company secretary.

★

***Dr. Dennis Oliver**, chairman of the Pilkington Optical Division,* has been appointed chairman of the division's newly incorporated *ophthalmic and optical glass* manufacturing company, CHANCE PILKINGTON. Directors of the new concern, all executives within the division, are **Mr. Alex Milne, Mr. Bob Rylance, Mr. David Roberts, Mr. Harry Goodwill** and **Mr. Brian Millner.**

★

Mr. Ray Williams has been appointed a director of HAROLD F. WARD, a member of the Deritend Group.

★

Mr. Victor Afif has joined the Board of DWEK GROUP. He was previously on the Board of Brown Brothers Corporation.

★

Mr. H. E. Barker, deputy chairman of STERLING ESTATES, has been elected chairman. He succeeds **Col. A. F. Johnson**, who has resigned as chairman, but remains a director. The company is a subsidiary of Royal Insurance.

★

The Duke of Kent has been re-elected president of the ROYAL INSTITUTION OF GREAT BRITAIN with **Mr. D. P. Thomson** as treasurer and **Professor H. J. V. Tyrrell**, secretary. **Professor E. A. Ash, Professor W. F. Bodmer, Sir Montague Finniston, Lord Miles of Blackfriars** and **Dr. R. A. Reid** have been elected to the committee of managers.

★

Mr. Robert J. Hunter, an associate director of EVERETT'S, has *been appointed a director.* **Mr. Robert Granger**, account director, becomes an associate director.

★

***Mr. Peter J. Burgess** has been* appointed executive vice-president of INTERNATIONAL ENERGY BANK, acting as *deputy to* **Mr. Gordon F. Ahalt**, president and chief executive officer. **Mr. John R. Kettlewell**, as senior vice-president, takes over responsibility for the corporate finance department. **Mr. Ronald T. Upstone** and **Mr. Christopher J. Wharton** are now *vice-presidents, corporate finance* and **Mr. Alan R. Johnson**, vice-president, credit and loan administration.

★

Mr. David Sargent, marketing director of WYSEPOWER, has been appointed managing director. ***Mr. Jim Neil**, formerly a* general manager with Consolidated Pneumatic, has become production director of Wysepower and **Mr. Tony Haley** is the new commercial manager. *Regional* managers appointed are **Mr. Alan Gale** (southern), **Mr. John Crewe** (northern) and **Mr. Michael Powell** (Midlands).

★

Mr. T. J. C. Hodder has been appointed a director of WILLIS FABER AND DUMAS.

★

Mr. Nicholas Hilton has been admitted to the partnership of MORE STEPHENS AND CO.

★

Mr. W. A. Cathles has been appointed a director of AGB RESEARCH, with responsibility for publishing, and continues as managing director of AGB Publications.

★

Mr. John M. Richards has become works director of PACTROL CONTROLS, **Mr. *Rodney J. Collins*** *has been made* technical manager and **Mr. David A. Green** sales engineer.

★

Mr. Richard Storey has been appointed marketing director designate of BARTOL PLASTICS, part of the plastics division of *Hepworth Ceramic* Holdings. He joins the company from British Sisalkraft.

★

Following the completion of the acquisition of the issued share capital of Eaglemoor by WESTMINSTER PROPERTY GROUP, **Mr. A. P. Ravenhill, Mr. V. W. A. Gray, Mr. S. J. Grafham** and **Mr. R. Rowan** have joined the Board of WPG and **Mr. A. H. K. Edwards, Mr. P. A. W. Roberts** and **Mr. L. R. Peralta** have resigned as directors. Mr. Ravenhill becomes chairman in place of Mr. R. A. G. Edwards who remains a director. Mr. A. H. K. Edwards, who will be continuing as an executive of WPG, will act as an alternate director to either Mr. R. A. G. Edwards or **Sir Charles Hardie** while Mr. Roberts will act as an alternate to **Mr. R. J. McAlpine.**

★

Mr. Barton Clarke has been appointed to the Board of DECCA RADAR. Mr. Clarke, who joined the company in 1956 at its research laboratories, is general manager, E.W. Products, responsible for the design, development and sale of this range of systems.

★

Mr. D. B. Anderson, a director and general manager, United Newspapers, has succeeded **Lord Barnetson** as chairman of BRADBURY AGNEW AND CO. Lord Barnetson has resigned as chairman of that company, but remains a director.

UK NEWS LABOUR

Lloyds Bank man in currency probe

BY CHRISTINE MOIR

A MAJOR Treasury investigation into alleged breaches of exchange-control regulations has widened to include an official of Lloyds Bank.

The bank confirmed yesterday that an official at its Lancing, Sussex, branch "has been suspended pending an investigation into irregularities concerning exchange controls."

The Treasury confirmed that its inquiries at the branch were connected with investigations into the dollar premium dealings of three men all now believed to have left the country.

The men are Mr. Frederick Sandhouse, a London solicitor; Mr. Leonard Scruton; and Mr. John Edinburgh. The men had been dealing in shares stated to be eligible for the dollar premium through May Vandervell and Sandelson and Co., two firms of London stockbrokers.

In February the Treasury sent a letter to all members of the Stock Exchange effectively withdrawing Mr. Sandhouse's permission to deal in foreign exchanges under any Bank of England regulations.

It followed this by issuing notices against all three men under Section 40 of the Exchange Control Act 1947.

The notices said that except with prior permission of the Treasury or the Bank of England: (a) no payment should be made on behalf of Mr. Frederick Sandhouse, Mr. Scruton and Mr. Edinburgh, or to them; and (b) no transaction in, or in relation to, securities or secondary securities in which they were in any way concerned should be effected by their orders or on their behalf.

When UK residents buy foreign shares or property overseas they have to pay for their purchases in "investment dollars" which carry a fluctuating but sizeable premium. When the foreign assets are sold this premium is returned, less, until recently, a 25 per cent Exchequer levy.

The investigation seeks to establish whether, in the dealings by the three men, the dollar premium was properly paid in the first place, or whether no refund was claimable on the resale.

Wytch Farm oil field starts production at 1,000 barrels a day

BY KEVIN DONE, ENERGY CORRESPONDENT

OIL PRODUCTION has started from the UK's largest onshore oil field, Wytch Farm, in Dorset, which is shared by British Gas and British Petroleum. Output is about 1,000 barrels a day, and this is expected to rise to about 4,000 b/d early next year.

Production could be more than four times as high in the early 1980s, however, when a second deeper find is also brought on stream. The initial output is from a shallow oil reservoir discovered at a depth of 3,000-4,000 feet.

A second discovery, made two years ago at a greater depth, could boost ultimate production to 16,000 to 20,000 barrels a day, and put the field on a par with some of the smaller North Sea finds, such as the Argyll field.

So far only one well has been drilled into the deeper formation, but the results from this test suggest that the Wytch Farm field could produce oil for up to 25 years with output gradually declining from the peak of more than 16,000 b/d.

British Gas said yesterday that further drilling would be needed to confirm the size of the deeper discovery.

Crude oil from Wytch Farm will be moved by underground pipeline to a storage terminal at Furzebrook. From there it will be moved by rail to BP's refinery at Llandarcy in South Wales.

● UK energy consumption in the three months to the end of February was 4.9 per cent higher than in the same period a year ago, but much of the increase was due to the very cold weather, the Department of Energy said yesterday.

In its latest bulletin on energy trends it says that the increase amounted to about 1.9 per cent after seasonal adjustments. Provisional figures for the whole of last year suggest that total final energy consumption was 1.1 per cent higher than in 1977.

So far this year demand in all fuel sectors—electricity, coal, gas and oil products—is up on the corresponding period of 1978.

The total electricity supplied in the three months to the end of February was 7.5 per cent higher than a year ago, while oil products deliveries were 3.5 per cent up.

Total coal consumption rose by 7.2 per cent in the first quarter, compared with a year ago, but both deep-mined and open-cast coal production fell below levels set a year earlier.

Deep-mined production was down by 1.9 per cent in the first quarter this year and open-cast production fell by 7.4 per cent.

Between higher consumption and lower production, coal stocks—which in November were at the very high level of 35.5m tonnes—had fallen to 28.8m tonnes by the end of March.

Building unions may spurn pay offer for 700,000

BY NICK GARNETT, LABOUR STAFF

THE UNION side of the building and civil engineering industry seems likely to reject pay proposals for 700,000 workers which employers have said are their final offer.

The Transport and General Workers' Union, which has so far adopted the most militant stand against the proposals, is canvassing membership through its lay trade group members. Senior officials say the offer will almost certainly be rejected.

The Union of Construction, Allied Trades and Technicians, the largest building union, will convene a meeting of its regional chairmen in a week to discuss the proposals, which involve increases of 11.3 per cent on minimum earnings for craftsmen and about ten per cent for labourers.

Although the union is in no mood for a battle with employers, officials say the meeting may reject the proposals. The Furniture, Timber and Allied Trades Union is also canvassing its members.

While the employers have told the unions that the last offer is final, it appears likely that there will be some room for manoeuvre when the two sides meet again in about two weeks.

The employers are unlikely to make significant concessions on pay but may be willing to remove at least some productivity conditions attached to the proposals. These particularly annoyed the unions.

The union side estimates the offer as worth about 12 per cent, though the employers say that with wage drift and improved travel allowances, which are negotiated separately, the deal would be worth about 13 to 14 per cent.

This would raise national minimum earnings for craftsmen to £67 a week and for labourers to £57.20. These include new basic rates of £51.40 and £43.80 respectively, together with part of the present joint board supplement and bonus payments.

The package involves stricter criteria for holiday entitlement and overtime pay, in an attempt to reduce absenteeism. Some union officials want these conditions removed.

Appeal Court split by Grundy plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN APPEAL COURT judge yesterday said that the National Enterprise Board's Anglo-American computer peripherals deal, which is being challenged in the courts by Grundy (Teddington), would "go up in smoke" without more capital than the £10.5m to be provided by the UK Government and the NEB.

"If I am right in thinking as I do, that it would have been commercial nonsense to go into this joint transaction without having some binding undertaking from the NEB or any other department that they would put up money to finance diversification and development, it would have been madness in my view to go on with this transaction which, without this money, would be just a sheer loss," said Lord Salmon, giving judgment in favour of Grundy.

However, his fellow Appeal Court judge, Lord Diplock, disagreed, and refused the injunction requested by Grundy. As a result, Grundy applied successfully for a re-hearing of the case in front of three Appeal Court judges.

The deal in dispute involves Data Recording Instrument (DRI), an NEB subsidiary in which Grundy is a minority shareholder, and Control Data Corporation of the U.S.

Grundy has been trying to stop the deal going ahead on the basis that it is not in the interest of DRI's minority shareholders. Having successfully stalled the deal so long, Grundy now may have the option of either reopening talks with the NEB on selling its 13 per cent shareholding, or of approaching the new Secretary for Industry when he is appointed to intervene in the case.

Explaining why he was refusing the Grundy appeal yesterday, Lord Diplock said that it would "call for a certain degree of immodesty of the part of a member of the judiciary" to contradict company directors who had more information about a deal.

Pym battle to demolish old home

Financial Times Reporter

ATTEMPTS are being made to prevent Mr. Francis Pym, Conservative spokesman on foreign affairs, from demolishing his ancestral home in Bedfordshire.

Mr. Pym has applied for consent from Bedfordshire District Council to pull down Hasells Hall, near Sandy, a listed building with exceptional Georgian facades in grounds laid out by the designer Humphrey Repton.

Mr. Pym and his family live in a house near to Hasells Hall and it is believed his decision to apply for permission to demolish the historic building is based on the huge costs entailed in its restoration. Internally, the house is in very poor condition and has been empty for over 10 years since it was vacated as hospital premises. At one stage, the Hall was being offered on a 21-year lease to potential purchasers.

Now, Save Britain's Heritage, the architectural pressure group, says it intends to call on the local authority to refuse Mr. Pym consent to demolish. It suggests instead that the house should once again be offered for sale, although this time on a lease long enough to justify major investment in the property.

Key miners' union post for Bell

By Our Labour Correspondent

MR. TREVOR BELL, head of the industrial relations department at the National Union of Mineworkers, has been elected to lead COSA, the union's colliery officials and staff section.

He headed a list of seven candidates and will take over later this year when the present COSA executive member, Mr. Les Story, leaves.

By moving from the NUM backroom to an elected executive post, Mr. Bell, on the union's Right-wing, joins the potential nominees for higher office in time to come.

Mr. Joe Gormley, NUM president, has said that he may opt for early retirement at the end of this year. If he does, the Right-wing will not have an obvious candidate to run against Left-wingers Mr. Mick McGahey or Mr. Arthur Scargill.

Top civil servants clear way for action

BY PHILIP BASSETT, LABOUR STAFF

SENIOR civil servants yesterday cleared the way for further industrial action after their unprecedented decision to join a one-day stoppage in the Civil Service pay dispute which was settled recently.

The Association of First Division Civil Servants, representing about 10,000 civil servants up to under-secretary level, at their annual conference yesterday effectively gave the union's executive committee leave to call for industrial action without full consultation with the union membership.

But the union drew back from committing itself to trying to agree concerted industrial action with other Civil Service unions aimed at withdrawing all Civil Service assistance to Government Ministers.

An emergency motion attempting to restrict the union's executive to taking industrial action only after full consultation with the membership was lost, with the executive agreeing to draw up a memorandum setting up new consultation procedures.

The motion was tabled after the executive, in an unprecedented move in the 60-year history of the association, advised members to take part in a one-day stoppage over pay last month.

All nine Civil Service unions this week formally agreed to accept a pay offer averaging 25 per cent over eight months for 600,000 members.

The union instructed its executive to consider what further industrial action should be taken if necessary to achieve a pay settlement for senior principals and assistant secretaries, whose pay deal has been suspended until the report of the Top Salaries Review Body.

It decided also to press the Government to replace the review body as the method of determining higher Civil Service pay with a comparability study by the Civil Service Pay Research Unit in line with that for grades up to Assistant Secretary.

The conference overwhelmingly rejected an immediate move towards an eventual merger with the Institution of Professional Civil Servants.

The institution's conference in two weeks is also expected to draw back from the move.

The executives of both unions have drawn up detailed joint plans for an interim merger after their conferences this year, with a view to putting forward proposals for a full merger after three years.

The First Division executive had planned to hold a ballot on the merger, but membership pressure convinced union officials that even that would be unlikely to be accepted by the conference.

Further consultation will now be made and another report put forward next year.

Delegates also instructed the executive to resist direct recruitment of Under-Secretaries through such advertisements as appeared in the Financial Times of March 30, unless union officials were satisfied that such appointments would not damage the career prospects of members.

Home and export machine tool orders go up

BY MAURICE SAMUELSON

THE MACHINE tool industry's home and export orders rose considerably in the final quarter of 1978, according to seasonally adjusted figures released by the Industry Department.

The volume of total new orders was indexed at 104 (1975 average = 100). New home orders reached 112 and exports 91. This was partly due to the good performance in December, when total new orders reached 127 (home orders 140 and exports 106).

The indices of sales and orders for January, however, were affected by the very bad weather and industrial unrest. The Department says the February figures will provide a better assessment.

● A "confident" forecast of export orders stemming from a visit by 19 South African industrialists to UK factories was made by the Machine Tool Trades Association. The party is visiting 13 plants throughout the country.

Last year, South Africa was the eighth most important overseas customer for British machine tools with sales valued at £5.8m.

Pull out of Ulster, Colley urges

BY STEWART DALBY IN BELFAST

MR. GEORGE COLLEY, Deputy Prime Minister and Finance Minister of Ireland, yesterday called on Britain to withdraw from Ulster. It was one of the strongest statements on Northern Ireland to have been made by a member of the ruling Fianna Fail party.

In a speech commemorating the 1916 uprising, Mr. Colley said Britain should make a declaration of intent to withdraw from Northern Ireland and should "end the constitutional guarantee that the province would remain part of the United Kingdom as long as the majority wanted it."

Mr. Colley said that this constitutional guarantee ensured that the 500,000 Catholics in Northern Ireland would continue to be second-class citizens. By ending the guarantee, he said, the situation in Northern Ireland would be changed utterly.

He appreciated that the British Government was preoccupied with the General Election but said that as Britain had withdrawn with dignity from a number of colonies it should do the same from Ireland.

The outright demand for withdrawal is the strongest statement made by any Irish cabinet minister since the Fianna Fail party, whose long-term goal is the reunification of the two parts of Ireland, was returned to power in June 1977.

In February 1978 Mr. Jack Lynch, the Prime Minister, asked for a British declaration of intent for withdrawal at some stage. Since then, however, Mr. Lynch and Mr. Michael O'Kennedy, the Foreign Minister, have toned down their attitude saying that they wanted to have discussions with Britain as well as the two cultures in Northern Ireland on some agreed structures.

Their policy has been that, with the faster growing economy in the south, there is scope for closer links—particularly on the economic front—between the two parts of the island. Tighter cross-border security has been mentioned, as has the Northern Irish "green pound."

Mr. Lynch is known to be planning to visit soon—whoever is the next British Prime Minister—to press for an early initiative on Northern Ireland.

Hospital pay warning to new government

THE FIRST trade union evidence to the Clegg Comparability Commission inquiry into hospital workers' and ambulancemen's pay was introduced yesterday with a warning that whichever Government wins the election, it will be expected to honour the inquiry's findings.

Mr. Albert Spanswick, general secretary of the Confederation of Health Service Employees, said he was confident that the new Government would "recognise the strength of the case we have presented."

The ambulance staffs' submission presses for the group to be treated as a branch of the emergency services, with pay and conditions being established with police and firemen.

National Theatre hearing today

AN appeal by the National Theatre for an injunction against pickets who are blocking supplies of building materials will be heard in the High Court today.

No sudden cuts, warn builders

THE NEW government must not take any sudden decision to cut spending on construction, Mr. Frank Gostling, president of the National Federation of Building Trades Employers, said yesterday.

He said the temptation always existed for any government seeking short-term regulation of the economy to cut the construction programme, enabling immediate large savings to be made—on paper at least.

"I cannot emphasise too strongly that this sort of economic regulation — the notorious 'stop-go' cycles—has inflicted the most grievous damage on our industry.

"There is plenty of scope to reduce public expenditure by cutting back on bureaucracy and I suggest that it is here that savings should be concentrated.

"In the private house building field we need a stable flow of mortgages to give builders the confidence to build new homes to meet the underlying demand. Therefore, there must be no tinkering with the mortgage system, either in their provision by the building societies or in the allowance of tax relief on repayments, unless it is to raise the existing £25,000 ceiling which was set in 1974."

Steel site to be open space

MIDDLESBROUGH Borough Council has been given a 100 per cent Government grant to acquire and reclaim 55 acres of the former Ironmasters' district of Teesside.

The land has been sold by British Steel for £150,000 and will be preserved as an open space.

Company liquidations up slightly in first quarter

BY TIM DICKSON

MORE THAN 1,200 company liquidations were recorded in the first three months of this year, slightly more than in the final quarter of 1978.

This is the main conclusion of a survey published in the magazine Trade and Industry, which also points out that seasonally adjusted, last year's final quarter figure of 1,164 was the lowest for four years.

Bankruptcies on an adjusted basis in the first three months of this year numbered 881, well down on the 1,034 of the preceding quarter but slightly ahead of the 856 in the third quarter of 1978.

A breakdown of receiving orders by industry last year shows that in the final quarter (third quarter figures in brackets) construction accounted for 318 (355), road haulage 69 (32) and hotels and restaurants 93 (41).

Stradivarius fetches world record £145,000

A world auction record price for a violin was set at Sotheby's yesterday when a private continental collector paid £145,000 for a Stradivarius once owned and played by two great violinists, Fritz Kreisler and Bronislaw Hubermann. It is also the highest price ever paid for any musical instrument at auction.

Last November a Stradivari cello fetched the same price at Sotheby's. Both instruments carry an additional 10 per cent buyer's premium but since January the premium is subject to VAT so an extra 0.8 per cent is added to the hammer price.

SALEROOM

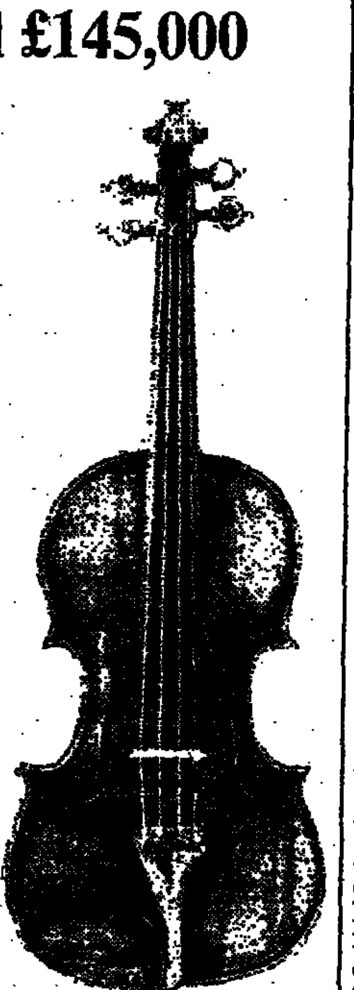
BY ANTONY THORNCROFT

The market for Stradivari violins has boomed since the Lady Blunt fetched £84,000 at Sotheby's in 1971. The previous record for a violin was £115,000 paid in 1977, for an instrument made by Joseph Guarneri. Yesterday's price was above the top forecast in an auction which totalled £543,064.

A violin made in Venice by Peter Guarneri, fetched £45,000 and a violin made by Nicholas Lupot of Paris, in 1824, made £14,000 and a violin made by Joannes Ressenda of Turin in 1840 fetched £11,000. The Haags Gemeente Museum of Holland paid £820 for a set of Northumbrian small pipes made in 1935.

Before the musical instrument sale, which was one of the most successful ever held in London, there was an auction of bows collected by Vincent Howard which fetched a total of £66,210. A Zurich private buyer gave £3,800 for a silver mounted violin bow by Dominique Peccatte, while Peter Biddulph, a London dealer, acquired a chased gold mounted bow by James Tubbs of London of 1897 for £3,200.

A pen and ink drawing by Rembrandt of the Old Pesthuis near Amsterdam made £9,000 in a Christie's auction of drawings which totalled £78,015. A Study of Three Dragonflies by Jacob de Gheyn II identified by Christie's head of prints during a recent visit to the U.S., went for £8,000.



The £145,000 Stradivarius

British paper and board production falls by 5%

BY MAX WILKINSON

PRODUCTION of paper and board in the UK fell nearly 5 per cent in the first two months of the year compared with figures for the same period of 1978.

Figures from the British Paper and Board Industry Federation show that the sharpest decline was in food wrappings and packaging boards. The fall in production would have been considerably worse if it had not been for a sharp rise in the production of newsprint (by 29 per cent) caused, no doubt by the effect of the lorry drivers' strike on imported newsprint.

If this increase in the production of newsprint is excluded, the decline in the production of the industry would have been 7 per cent.

Total production of paper and board in the first two months was 627,000 tonnes. Production of board was 140,000 tonnes, a 16 per cent decline on 1978, and the production of all grades of paper was down 1 per cent to 487,000 tonnes. Production of printing and writing papers showed a 1 per cent increase to 165,000 tonnes.

Funds invested in UK head table

BY EAMONN FINGLETON

FUNDS investing in British shares dominate the list of best-performing unit trusts for the year so far, according to Planned Savings magazine.

Helped by the election boom in the stock market, unit trusts concentrating on British shares take the first 10 positions in the magazine's league table of top performers in the four months to May 1.

The Schlesinger group's Property Shares fund is first with a jump in the offer price of 49.6 per cent.

Henderson's Capital Growth and Financial funds are in second and third place. This makes Henderson the group with the best showing in the top ten. The only other group to figure twice is Britannia, whose Property Shares fund is fourth and New Issues fund is seventh.

The FT All-Share Index showed a rise of 28.4 per cent in the period, beating all but 22 of the 384 trusts surveyed.

Funds concentrating on Japan and other areas of the Far East, which topped the table last year, are this year's laggards. Four Far East trusts, run by M & G, Allied Hambro, Save and Prosper and Midland Drayton, are at the bottom of the table, showing losses of 11 per cent or more.

● NEWS ANALYSIS—DISRUPTION IN SCHOOLS

Teachers' anger rises

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

WHATEVER the election outcome, the disruption of state schools in England and Wales looks certain to continue for at least a fortnight.

Increasing numbers of the schools' 9m pupils will be sent home at lunchtime, lessons will be interrupted and there may be minor dishevelment of the national 16-plus examinations which have just begun.

The half-day strike by the 85,000 members of the Assistant Masters and Mistresses Association will be over. But the 258,000-strong National Union of Teachers will continue to ban non-teaching work, which is now affecting almost all the 104 local authority areas in England and Wales.

Next Tuesday, the 112,000-member National Association of Schoolmasters and Union of Women Teachers will start working a strict five-hour day.

The main reason for the disruption lies in the long-standing rivalry between the NUT and the NAS-UWT. The larger union, which controls the decisions of the unions' panel of the Burnham negotiating committee, represents mostly junior teachers. The NAS-UWT's membership is largely made up of more senior staff.

Accordingly, the smaller union believes its members are likely to benefit less from a negotiated settlement than from an award made by the arbitration procedure which becomes compulsory if the Burnham talks break down. Before Easter, the NAS-UWT declared that it would work a five-hour day from May 8 unless the dispute over the 36.5 per cent claim for teachers' 1979 increase was sent to arbitration.

The claim would cost £912.5m and raise the average salary among the 482,000 school staff concerned by £1,893 to £7,080.

The response of the employers' panel was a still standing offer of 9 per cent backdated to April 1, plus reference to the Pay Comparability Commission, with payment of any award half from April, 1980, and the rest a year later.

Although the NAS-UWT is opposed to a commission-reference, the biggest union and the other four associations represented in Burnham are in favour. So are the 25 representatives of the local education authority employers who sit in the employers' panel of the negotiating committee.

But on that side, too, there is a split. For while, like the majority of the unions, the local authorities would accept a reference to the commission requiring it to base its recommendations on the generous Houghton relativities, the two employers' side representatives from the Department of Education and Science are opposed to such a tied reference.

Although the Education Department representatives, like the NAS-UWT, could urge their objections in the sectional meetings of their own sides of the negotiating committee, the Burnham procedure prevents the minorities from speaking when the two panels come together. In the full meetings, negotiations are conducted exclusively by Mr. Fred Jarvis, general secretary of the NUT, who leads the unions' panel, and Mr. John Horrell, of the Association of County Councils, who heads the employers' side.

Both leaders had responded to the Prime Minister's announcement of the new pay machinery on March 7 by asking the Department of Employment for clarification. They gained the impression that the Government either could not, or would not, veto a reference tied to Houghton, which had been agreed by the majority of both sides of the negotiating committee.

When the full committee met on March 24, Mr. John Wordie, the barrister who is the Burnham Committee's independent chairman, produced compromise terms of reference instructing the Comparability Commission to "have regard" to the Houghton recommendations.

The compromise put before the full meeting was unacceptable to the effectively voiceless DES representatives, but was approved by the local authority employers.

Compared with the unions' panel's previous demands for firm restriction of the Pay Commission to the 1974 relativities, Mr. Wordie's diluted terms entailed a considerable retreat for Mr. Jarvis's side. But to considerable surprise, the NUT general secretary accepted them.

Whether he did so because he saw Mr. Wordie's compromise as a chance to embarrass the NUT's aggressive rival by leaving it isolated in its threatened action, only Mr. Jarvis can be sure. But it is certain that the Burnham leaders were mistaken to doubt the Government's will to veto the reference.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

High speed stitching

ANNOUNCED and demonstrated for the first time on the Pfaff stand at the Pirmasens Exhibition, West Germany, today is a pre-production model of a new British high-speed automatic profile stitching machine whose maker *claims* sewing speeds of nearly twice those of any other equipment, and programming times of minutes rather than hours or days.

Made and developed by Trubenised (Sales), of Trubro House, London Road, Knebworth, Herts (0438 812312), this equipment carries out high-speed repetitive sewing, whether functional or decorative, to designs selected by the operator at a touch of a button.

Some typical products might be collars, cuffs, and other clothing assemblies, or leather items like shoe components, comb cases and key fobs.

Programming of a new design from a sketch or sample can be done in as little as 2 minutes, says the maker, because the profiles sewn by this machine are put into floppy disc memory *store via a microprocessor* with the aid of logic control.

The machine has a sewing area of 25 in by 10 in. It is moved by powerful hydraulic rams giving high production speeds *of up to 3 inches a second* through thick leather or heavy cloth, regardless of the complications of the pattern or style being sewn.

Skipping speed from one sew*ing position to another is* at 6 in a second and positional accuracy of stitches is said to be plus or minus .007 in. Needle drag is said to be eliminated as movement of the workholder *takes place only when the needle* is out of the material. Stitching can cross over earlier stitching in the sewing cycle, and the movement of the work programmed to avoid any obstruction on the work hitting the sewing head during skip routines.

The company says that batch production of its Trumatic 1650 began last month and the first machines will be delivered in June or July.

● PROCESSING

Ultrasonic welder

FOLLOWING the signing of a new long term agreement with Branson Sonic Power Company of Connecticut, Dawe Instruments is to market a range of compact self-contained ultrasonic welding machines designed for the plastics assembly industry.

Available in power outputs of 450, 900 and 1400 watts, the Series 7010 can be used for welding plastics to plastics, staking metal to plastics or inserting metal bushes, etc.

Basis of the ultrasonic energy is a *solid state generator feeding* a piezoelectric ceramic transducer, in turn connected to a horn which is essentially a shaped piece of metal designed to resonate and make contact *at desired points on the work.*

A number of controls provide the best and safest use of the machine. Weld time can be set between 0.1 and 4.0 seconds, hold time (to allow the melted plastics to re-set before removing the horn) between 0.05 and 3.0 seconds. The pressure the horn will exert on the work is set on a rotary knob and dial up to 100 psi.

There are in addition two controls not often found on machines of this kind, one of which adjusts the rate at which the horn will descend on to the work—useful in optimising work cycles.

The other is called dynamic triggering and is said to provide consistent weld quality by ensuring that each part being assembled receives the same amount of pressures and duration of ultrasonic energy regardless of slight manufacturing variations in the height of *the work pieces. A calibrated* thumbwheel allows pressure to be set between 15 and 165 lb.

Claimed by Branson to be unique is a printed card in the machines' electronics which *monitors the 20 kHz ultrasonic* generator circuits and shuts them down in the event of overload or if they are not supplying the expected power. Such conditions can arise if the horn de-tunes due to thermal expansion for example.

More from Dawe Instruments, Concord Road, Western Avenue, London, W3 OSD (01-992 6751).

● COMMUNICATIONS

Processing orders on the spot

PAPER maker Wiggins Teape could save up to £600,000 in working capital through the novel use of telegraph—compatible visual display units in place of conventional telex machines.

Developed by ATS Communications, of Haywards Heath, the Vitel display units concerned are primary all-electronic, silent and faster alternatives to telex and teleprinter machines.

Vitels also allow the operator to compose text on the screen, and, after editing and/or correction, transmit the completed messages, or series of messages, by merely pushing a transmit button.

To this the company has added processing and transmitting "original" order forms and shipping documents all over the UK.

Previously many orders from the 18 branch offices were sent by post to Wiggins Teape's head office in Basingstoke. After processing, orders would be forwarded by post to the appropriate paper mill.

Some orders were sent direct from branch to mill, but in either case the average time taken for action on an order was three days and it could take as long as five days.

Now, when an order is received at the sales office it is given to the Vitel operator. He or she calls the appropriate *order format to the VDU screen* and then keys in the variable data—name, address, quantity, product, mill, delivery requirements, etc.—which is automatically displayed in the correct *position on the screen.*

After checking the completed order, a single key depression transmits the data over private lines to the message switcher in Basingstoke. Here a hard copy is extracted for administration, and the message is then automatically routed to the appropriate paper mill. Here it is printed out on a conventional telex machine, but, in the identical layout as originally displayed on the screen. A plastic "gel," on which is printed the original order form and terms of business etc., is then placed over the telex copy and together they are photocopied to produce a precise facsimile of the sales office's order form. The order is then processed immediately.

By speeding up the transmission of orders from around three days to five minutes and reducing the time taken to invoice these orders, Wiggins Teape could save up to £600,000 in working capital.

ATS Communications, 30, Bridge Road, Haywards Heath, Sussex 0444 52377.

An effective voice

MANY industries have restriction in communication methods owing to the hostile environment or the hazardous nature of products. As a consequence, additional risks often occur. This requires regulations or safety codes to be adopted and the area of supervision to be closely monitored.

Calcom P.A. has been developed by the industrial electronics division of *Communication and Control Engineering* to provide a safe and effective method of industrial communication.

It is based on a series of high powered modular amplifiers and provides an inherent flexibility of application for all *industrial needs including* public address, alarms, entertainment, two-way communications and other facilities, as required. The system combines "fail-safe" features—particularly important when operating in hazardous areas and also allows for constant monitoring of the complete system.

Calcom is suitable for office complex, supermarket, oil platform and many other industrial *areas where environmental conditions* are a major factor in the design and operational durability of any equipment.

Communication and Control Engineering Company, Park Road, Calverton, Nottingham NG14 6LL. 060 744 2574.

● SERVICES

Does work at low cost

APPLIED Computer Techniques has released a suite of business systems for the Commodore PET micro computer, priced from £225 on cassette, *with a disc version at £350.*

The packages have been written to general purpose computer standards by ACT's own software team. The first two suites, sales accounting and *purchase accounting can* each handle 200 accounts and 800 transactions in random access memory at the same time.

Sales accounting provides all the facilities for maintenance of the sales ledger, the preparation of a list of outstanding balances and printing of statements. The purchase accounting package handles purchase ledger, preparation of a list of outstanding balances and printing of remittance advices. Both packages run on a 32K PET and printer, and are available together for £325.

Shortly to be released are invoicing, payroll, stock control, nominal ledger and management information suites.

Over 6,000 PET computers have now been sold in the United Kingdom *alone* for use in engineering, teaching, business and home.

Now for less than £2,500, Commodore can offer a business outstanding balances and print-system with software and peripherals able to handle many business applications.

Commodore Systems Division, 360 Euston Road, London, NW1. 01-388 5702.

● COMPUTING

Unilever's offshoot in the pink

FIGURES released for the first time on the operations of the computer services offshoot of the Unilever Group—UCSL—show that it is close to the top of the tree in its particular sector of the computer service bureau industry with a turnover of £10.7m in 1978, or 27 per cent up on the preceding year after compound growth rate since the company's inception *of around 35 per cent a year.*

This has not been achieved by remaining in that portion of the service market which the company knew as a result of the batch operations familiar to *its founders. Now the company* is carrying time-sharing and com microfilm services, as well as marketing a series of portable data capture terminals, the latest of which is being offered at a cost lower than anything from across the water.

Contrary to the projects in hand at a number of service bureaux the UCSL operation is unlikely to move over to larger and larger processors with the passage of time, but rather to concentrate on machines which are particularly appropriate for a given sector of its service involvements, placing much greater emphasis on software performance, plus greater ease of access to its services.

UCSL, Station House, Harrow Road, Wembley, Middx. HA9 6EB. 01-903 1414.

● INSTRUMENTS

Charts in two modes

COMPACT chart recorder made by Rohde and Schwartz and available in the UK from Aveley Electric, Roebuck Road, Chessington, Surrey KT9 1LP (01397 8771) can either plot two variables against each other, or one of them against time.

In the former (XY) mode, up to 50 A4 sheets can be obtained consecutively from a 15 metre chart roll, while for YT operation the chart speed can be set between one and 1200 mm/minute (up to 250 hours per roll). Maximum writing speed is 1200 mm/sec.

Deflection factor on the X and Y axes, both of which use differential input amplifiers, ranges from 5 mV/cm to 1V/cm in eight calibrated steps. Overshoot of the step function response is less than one millimetre.

Electronic writing area limitation prevents the pens from being driven against mechanical stops even if the input amplifiers are overloaded—thereby increasing the useful working life of the recorder.

Equipped with remote control for start/stop, paper speed and other functions, the machine is suitable for automatic test systems.

Monitors the surges

AN OBVIOUS difficulty with short high value voltages induced into telecommunications lines by, for example, lightning strikes is their convenient recording for analysis on an ordinary chart recorder.

The problem is solved by the peak holding surge monitor DA 1602 from Data Acquisition, Hopes Carr, Stockport, Cheshire SK1 3BQ (061 477 3888).

Contained in a small box and *weighing only 1.75 kg, the* equipment will accept surges up to 8,000 volts with a duration from 1 second down to 2 microseconds. The peak value is electronically held and presented as an output proportional to the logarithm of the input voltage.

The output is suitable for feeding to a low speed chart recorder and ranges over 0 to 1 mA for inputs of 30 to 8,000 volts. It decays to 100 microamps in the first 2.5 seconds.

Running on a pair of PP9 batteries giving a life of two *weeks (continuous) the device* has switches enabling it to detect positive or negative going transients, or both.

● CATERING

Hydraulic press produces 'steaks'

IS THE British housewife becoming lazier . . . and her husband and family less discerning in their eating habits. Introduction of two machines which speed up food processing appears to suggest that "instant" fare is both threatening the culinary arts and stealing time out of the kitchen.

According to a Basingstoke company (Gaston E. Marbaix, Marbaix House, Bessemer Road) which is manufacturing under licence from America a *hydraulic meat compaction* press, the great British public is getting gastronomically into nationwide consumption of flaked/blended or whole meat muscle beef, pork, veal, lamb, poultry and fish produce processed from one of these machines. Spokesman for the company says that one of its clients is producing "steak" portions on a U.S.-built Denison hydraulic press of 12 tons (U.S.) capacity and, although working at maximum capacity, it cannot satisfy the public demands for these steaks.

It is an unquestionable fact that younger housewives do not shop for specific cuts of meat in the manner of their mothers or grandmothers. This is due to ignorance and results in towering butchery bills. Easy alternative is to buy ready-made cuts which opens up a huge market for butchery groups to provide less desirable cuts, salvage more of the carcass, and turn trimmings into profitable "luncheon steaks" (instead of "regular ground") offered in formed and bonded portions.

These portions are produced by placing prepared, flaked raw meat in 4 oz packs at low temperature in loading positions and then indexing them to a pressing station where they are compressed into shape. Finished products are then automatically ejected down a chute ready for packing and then transporting to the shop or supermarket.

Marbaix is now offering a 20 (U.S.) tons capacity press which has a fitted tooling set up with twin kidney shaped dies giving twice the production rate (40 indexes per minute) of about 80 portions, size 6 by 3¼ inches, using 20 lbs of flaked meat per minute. (More about the machine from Gaston E. Marbaix on Basingstoke 3141.)

An unprecendented bonanza in the consumption of pizzas in the UK (about 250m a year now, five for each head of the population) prompts the launching of a machine made by Rijkaart of Holland, designed to produce 8,000 pizzas an hour.

The machine is fed by a hopper which deposits sufficient dough to make the pizza base. Once the pizza base has been formed it is conveyed to a *prover (an oven in which no* air is allowed to circulate) prior to pre-baking.

The baked base is embellished with tomato sauce applied by special nozzles at the decorating station where cheese is automatically grated from large blocks, and peppers, mushrooms, slices of sausage and spices are also deposited. The completed pizza is then carried directly into the deep freeze.

The Rijkaart pizza plant is being marketed in this country by European Process Plant, 175 High Street, Banstead, Surrey (Burgh Heath 52988).

● COMPONENTS

Micro era keyboard

RECOGNISING the need for smaller keyboards to match current trends in computer equipment size, a UK company —Apex Microsystems, of Pontyclun, Mid-Glamorgan—has developed a particularly compact alphanumeric keyboard, the MKB.01.

Measuring only 165 x 93 x 14 mm, it is particularly suited to portable or mobile data entry systems, or as an alternative to conventional keyboards in small computer systems and uses MOS technology.

Hard wire link and connector link options are available for selecting odd or even parity, upper case only or full character set, and positive or negative logic and strobe. It can be directly interfaced to the majority of electronic systems.

Apex Microsystems, 26 Cowbridge Road, Pontyclun, Mid-Glamorgan. Llantrisant (0443) 225578.

ENERGY REVIEW

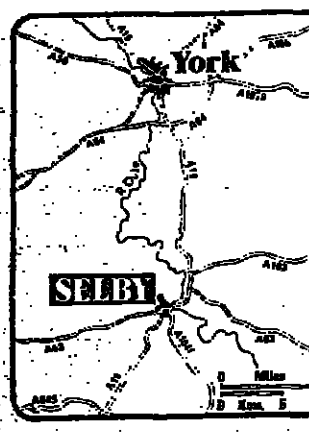
BY JOHN LLOYD

The 'superpit' surfaces

MR. MICHAEL EATON, area director of the North Yorkshire National Coal Board, has a broad Yorkshire accent, wears sharp suits, laughs a loud belly-laugh and is a graduate of Stanford business school. He is the very model of a modern mining manager.

His qualities assist him in the task of spending £1.5m a week. He needs experience, style, wit and expertise—over all, perhaps, nerve—to carry it lightly. He has the responsibility for developing the Selby coalfield, which will be Britain's first "superpit" and the most ambitious coal mining project in Europe.

He must also rely on his colleague and deputy, Mr. Bill Forrest, who is in day to day charge of the Selby operation. Small, thickset and courteous—he always calls Mr. Eaton "director" at least in public—Forrest has worried away at the project for almost six years now. He remembers seeing the first results of the serious test borings laid out in a field as a moment of real joy: the seam was over 10 ft thick. Mr. Fred Sanderson, the normally irreverent area press officer, who accompanied Mr. Forrest, recalls the moment in the tone reserved for solemn events: "When we shut the gate on that field, we knew we would be back. There was no way we could just leave that coal there."



Yet the discovery of the rich seam in the mid-1960s was something of a bad joke. The Government did not want more coal, it wanted less. As Lord Robens, chairman of the NCB throughout the decade, recently revealed, the civil service was pressing for an annual output of no more than 80m tons at a time when his collieries were producing nearly twice as much. Mr. Eaton believes that, even if the policy of cutting coal production had continued, the field would have been developed sooner or later. "We would have sunk a drift mine, and maybe one or two deep shafts. It would have been piecemeal development, nothing like this."

But, dynamised like the rest of the industry by the rise of the oil price in 1973, Mr. Eaton and Mr. Forrest revised and upgraded the plans and slammed them in, just after the publication of the "Plan for Coal" in 1974 had called for a national production of 135m tonnes by 1985 (15m above current levels), rising to 170m tonnes by AD 2000. Selby rapidly became the centrepiece of the board's ambitions, and remains at once its greatest pride, greatest anxiety and greatest hope.

The pride was almost tangible when, last month, Mr. Eaton and Mr. Forrest entertained local councillors and journalists to a viewing of the seam, laid bare for the first time a few days before at the most advanced of the field's five shafts, near the village of Wistow.

Lowered 380 yards down the icy vertical tunnel—its walls ice-covered because of the freezing process used to allow boring through water—the visitors stood in a "kibble" (large bucket) and peered a little nervously about them. They examined the seam—8 foot 10 inches at this site—asked the polite minimum of questions to Mr. Forrest who stood at the pit bottom like the resident hobgoblin, then escaped up the shaft to trade superlatives over NCB beer and sandwiches. Mr. Sanderson and his lieutenants genially distributed little slivers of coal encased in plastic boxes to the guests: Mr. Eaton pointed out that with £60m already spent on Selby, each sliver had cost £200, but adding that he expected it to come down.

At 8 foot 10 inches the seam at Wistow is 4 inches thicker than expected, a bonus which will have little effect on production or profit, but is the right kind of error. Mr. Forrest told everyone who would listen—and most did—that even after sinking 60 bore holes and proving the coal with the latest seismic methods, it was the greatest relief to see the coal uncovered, to touch it after six years of working towards its exploitation. Mining remains a tactile, personal industry at every level—"you don't believe its really there until you're down there with it."

There is, indeed, a lot of coal below the 100 square miles of the Selby field. The Board officially says it will take out 250m tonnes of coal at the rate of 10m tonnes a year for the next 25 years: but most of the mining engineers working on the project believe that is wildly pessimistic. There are some 600m tonnes of workable coal in the field: and though much must be left in the ground to keep the town of Selby and its surrounding villages from sinking below the level of the rest of Yorkshire, there are few who believe that the pit will have a mere quarter of a century of life.

"That is more than local pride. "We could handle a much higher annual production rate than 10m tonnes," Mr. Forrest says. "We may have to. When Sir Derek (Ezra, the NCB chairman) *comes up here, he's at us* to double it. We could, just about."

Investment, now reckoned to total £600m (in August, 1978, prices) by the completion of the development in 1987-88 will see a handsome return. Eaton reckons the pit will be making an £80m annual profit by the 1990s. It is hard to remember, in the midst of all this, that the NCB is expected to have lost around £70m over the financial year recently ended, and to lose another £400m in the current one.

Considerations of that kind, however, underlie the anxiety *which is felt in Yorkshire as in* the London NCB headquarters, about the progress of the development. Its price goes up inexorably: from a projected £500m when first properly *costed in 1974*, to £550m in 1977, to £600m now (in constant prices). It will rise further in the future. Mr. Eaton is the first among the board's big spenders, and he is thus more *conscious than most* of the politically exposed position the board still occupies.

For all the air of calm assurance of future success in the NCB at all levels, memories of the recent depression, coupled with fears of a change in government policy and a strengthening of the nuclear lobby at the expense of coal, are too strong to permit this appearance to be wholly convincing all the time.

The twin crises of politics in Iran and nuclear power supply in the U.S. have benefited the NCB greatly. They will help public opinion—especially the opinion of those who do not live near coal mines or coal-fired power stations—to look kindly on power from coal, and they are worth 1,000 speeches.

In Yorkshire, as elsewhere in the country, the National Union of Mineworkers is fiercely resisting colliery closures. Many miners believe that the Board is pushing ahead too rapidly with its modernisation programme, including closures of mines which still have productive—albeit unprofitable—life left in them.

In general, the pits on the western side of the Yorkshire field are near—or, as the Yorkshire NUM would claim, at—exhaustion. The history of the Yorkshire field has been one of eastward movement, "following the Barnsley seam." Selby, for all its size and importance, is merely the latest example of the centuries-old process. But because of the NUM's tough line against closures, the NCB *cannot guarantee to get the men for* the new pits when it wants them.

The Selby pit will need between 3,000 and 4,000 miners by the late 1980s: the total figure will depend on how *rapidly new machinery is* brought on, and what labour-saving consequences it will have. While Mr. Eaton believes Selby will get its full complement, the changeover from old mines in the west and the new in the east may not be smooth and may come expensive, as losses are borne on unprofitable mines which guarantee employment.

This is precisely the challenge which Selby represents for the NCB—a need to prove that it can mine coal efficiently and at low cost. Increasingly important, too, are the environmental considerations: people will not put up with the muck they used to, especially when it's their brass that's paying for it.

Selby had a comparatively easy ride from local groups and councils. Mr. Forrest wrote, rather blandly, in the July, 1976, issue of Colliery Guardian that "it is fair to say that there were almost no objections to the proposal to work the coal. The main concerns of the vast *majority of the objectors were* the safeguarding of the environment and in this respect the Board has continually made it clear that it is equally anxious that the mine should have the *minimum detrimental effect* upon the area . . . it was gratifying to be able to come to agreements with almost all the bodies . . ."

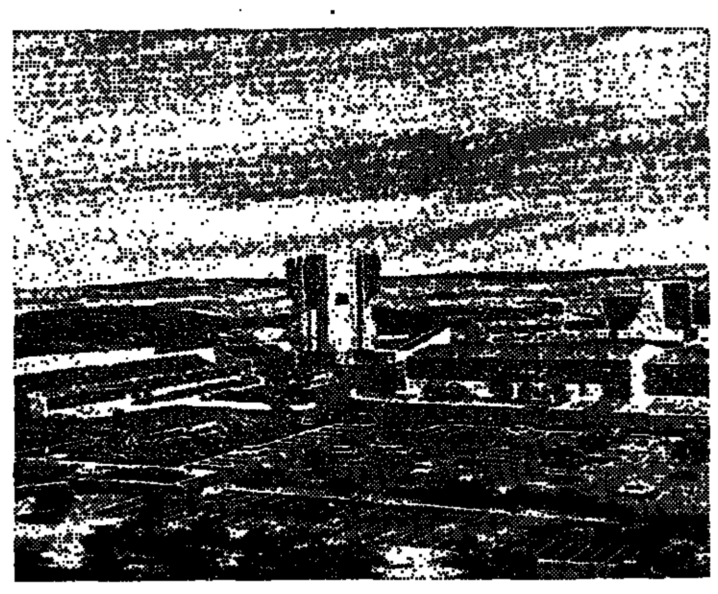
Mr. David Heseldine, chairman of the (Conservative-controlled) Selby District Council, is less gratified, while agreeing that he and most of his council concurred with the proposition that the nation needed the coal.

"The NCB was going to get the coal, whatever happened. We took the view that we should bargain hard for environmental and other concessions, and we have won a great deal," he says. Included in the deal reached there are agreements to leave much more of the coal below ground than the NCB wished; to limit road *and rail transport*; and to bear the current revenue cost of the extra housing the council will build for the incoming miners.

Mr. Heseldine still believes this was the right approach; and *he says, with some pride*, that the more intransigent groups which will oppose a similarly massive development at Belvoir in North East Leicestershire have been to see him for tips.

Yet Mr. Eaton and Mr. Forrest, in the heady optimism of reaching thick coal, were so far from thinking of setbacks that they were speculating on future Selbys. Boring is now going on just east of York, where it seems there are large reserves: it may be that they will form a link between the North Yorkshire and Durham fields.

Mr. Forrest, beginning to see the largest project of his life bear fruit, underscores its place in the national scheme of things. "We have to leave our children everything we can in the way of energy. Fifty years ago it didn't matter whether you planned or not. Now it does. That's why I actually think it's a pity about the nuclear accident in the U.S.: we'll need all we can get, coal and nuclear power." Such is the generosity of triumph.




The proposed surface layout for the Wistow mine in the Selby field; right, Bill Forrest inspects coal from a seam up to 8 feet 10 inches thick.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie reports on Simbec Research, winner of the controversial British end of the European Small Business Award

The hazards and rewards of competitions

WHEN IS an award not an award? When there is no cash prize, according to critics of the European Company of the Yeat Award. The British part of the competition reached a climax on Wednesday with the BBC's broadcast of the UK final, at which Simbec Research (described in the article below) emerged as the winner.

Among critics of the nature of the award were a few of the competitors themselves. They complained that there was no cash prize, merely the chance of being offered around £100,000 of capital and loan on commercial terms.

The Union of Independent Companies one of several small firms' associations, has said it will complain to the Confederation of British Industry, which supported the award, Mr. Tom Lyon, former chairman of the CBI's smaller firms council, was one of the competition's three judges.

There have been complaints that Development Capital, the investment company which made the offers of capital to some of the competitors, was using the competition for its commercial benefit, with the aid of the BBC's Money Progamme.

Quite apart from these issues, it would be a pity if criticism diverted attention from the achievements of the finalists who were featured in the Money Programme. Simbec Research is an exciting company, founded upon the kind of dedication that is shown all too infrequently, and which capitalises upon the type of expertise for which Britain still has a worldwide reputation.

Runners-up

The two runners-up — Greaseaters (which makes and sells equipment for cleaning engine parts and tools) and Hockenhull and Hayes (which makes and markets specalised turkey products) — are also founded upon ideas which seem to have every chance of success.

Nevertheless, the BBC seems to have fallen into a trap by not making it unquestionably clear on every occasion what type of competition was involved. It is, after all, unusual for competitions of this sort not to have a cash prize. Perhaps there was a greater attraction, in terms of good television, in offering an award of £100,000 of capital rather than a cash prize of much less.

The basic concept of a competition to both spotlight and encourage small companies—and for the BBC's part that was the general objective—must surely be a laudable one. Television in general has been concerning itself increasingly with industry in the past couple of years. Industry has traditionally been sceptical about the quality of television coverage but even some of those critics agree that the standard has been getting better, and that headway is probably being made in raising the general level of consciousness about industry.

Then there is the critics' question of whether there should have been a tie-up between the BBC and Development Capital, given that this clearly provides the finance company with commercial exposure and makes it privy, via the competition, to a large number of commercial ideas and to the innermost "secrets" of some competitors.

In principle, there should be no objection. If more is to be learnt about industry through television, then companies are going to be given publicity and those who provide the money will also come under the spotlight. What has probably grated in this instance is that Development Capital does not appear to have shown quite the element of altruism which might have been expected.

As to getting an insight into the commercial secrets of companies, well, of course this will happen. But so will it in any competition which is similarly sponsored, and there are now quite a few (though with cash prizes). In any case, potential competitors are, of course, able to decide for themselves whether or not they are prepared to bare all.

Inside information is required if judges are to make any assessment of competitors, though perhaps the competition organisers would have been wise to have more than three judges (one of whom was Hugh Armstrong, managing director of Development Capital). In France and Germany, where similar competitions are being run prior to a grand European final next month, there are seven and eight judges respectively, including in each case Hugh Armstrong's equivalent, the managing director of the financing sponsor.

Criticism

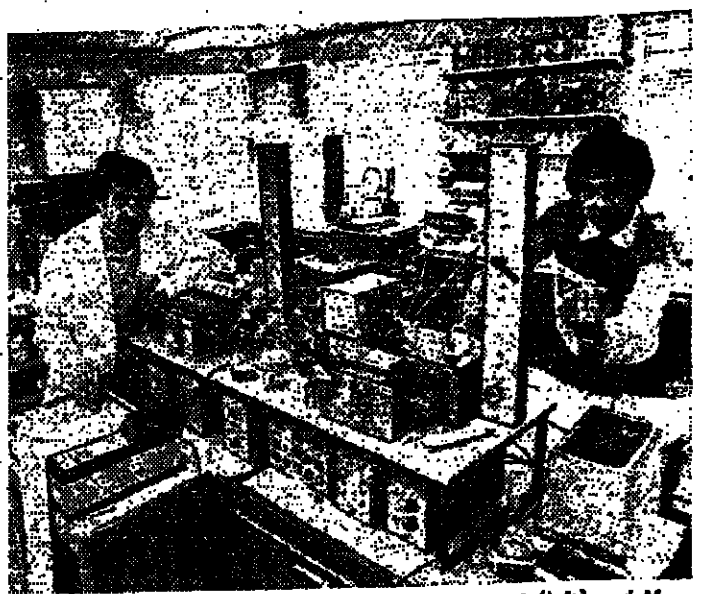
Criticism of Development Capital's financing terms is harder to assess. Certainly they look tough and would undoubtedly surprise any company owner who, until that point, had exclusively used bank overdraft facilities to finance his business. But the critics' reaction was not necessarily against all the individual components of the terms, but mainly the profit sharing and Board representation. It was also against the very number of components in the package, which seemed overwhelming.

Hugh Armstrong is a great seeking of publicity for small businesses, and his company's self-interest is undoubtedly a factor. He is also, beneath an amiable exterior, very tough and essentially a businessman rather than a financier, which makes his business different from other financing institutions—a fact he does not deny.

But to his credit he has pushed the small business cause hard — perhaps too hard at times, given the limited number of investments his company is geared to make each year. It is an occupational hazard for seekers of publicity that they will at times hit a wrong note — at least in some people's minds — and have to pay the price.

For all this, it would be a pity if company competitions got a bad name, thus frightening off potential competitors. There may well be very few competitions and so very few will win any money. But competitors not only get valuable publicity, but also generally insight into the complex and different forms of finance available.

They may also benefit from the discipline of having to make a presentation to judges — often requiring not only an outline of their business, but also its objectives, its expected sales and profits and cash flow over a three to five year period, as well as its capital finance requirements.



Co-owners of Simbec Research, Dr. Mansel Aylward (left) and Mr. Jeff Maddock, in their laboratory near Merthyr Tydfil, in Wales.

The real prize within the winner's grasp

LESS THAN a year ago, Dr. Mansel Aylward was not completely aware of the exact financial position of his company, Simbec Research. He knew that he was heavily committed personally but he could not give at short notice an accurate picture of, for example, how much cash he had in his company at any given time.

Today, things are very different. Dr. Aylward does know the answers to these questions. That he does no doubt helped him to become the winner this week of a competition to find a small business Company of the Year.

Transformation

Something of a transformation has taken place at Simbec Research in the last six months —a change which probably every small company has to go through if it is to develop from a modest concern providing a living for a handful of people into one with every prospect of fairly substantial expansion, in terms both of its business and of the numbers of people it employs.

Together with his co-director and co-owner of Simbec, Mr. Jeff Maddock, Dr. Aylward now has a clear idea of the company's expected growth path over the next few years, how many employees he will need, what sort of laboratory facilities are required and, of utmost importance, where he has a good chance of getting the money to fund this growth.

The irony is that, while it was a pressing need for funds which motivated him to seek the Company of the Year Award, Dr. Aylward does not now feel under quite so much pressure, and it is quite probable that he will continue to reject the terms of the financial package offered by Development Capital, the cosponsors of the competition with BBC TV. This is because, even before his screen appearance, he had discovered several alternative sources of funds which may turn out to be more attractive.

Simbec (the name derives from Dr. Aylward's two children, Simon and Rebecca) has been established as a company only since late 1976, but in a way its origins go back to the 1960s and Dr. Aylward's entry into medicine.

He qualified at the University of London and was subsequently involved in academic research there. But in 1969 he returned to his home town, Merthyr Tydfil, in the Welsh valleys, to go into general practice because, with a family, he felt this was a financially necessary move.

But he continued to do research in his spare time, concentrating on rheumatoid diseases. A conviction that the problem of these diseases lay in bio-chemical abnormalities forced him to look for a biochemist. A friend referred him to Jeff Maddock, at that time principal bio-chemist at the Singelton Hospital, in Swansea.

Their subsequent research led to development, among other things, of methods of measuring disease activity. But grants from industry and elsewhere were uncertain and fairly short term. Aylward decided that the way to continue their research would be to establish a commercial laboratory, doing contract work for pharmaceutical companies. Profits from the business would fund their academic research.

It was then he took a gamble. He gave up being a GP and, living on savings, set out to earn as much money as he could by writing and lecturing, particularly in the U.S. He eventually raised £7,000 in early 1976, set up a laboratory, subsequently raising more money on his house to lease more equipment. He also did a tour of Europe, with his wife and family, to make contacts in the medical and drug manufacturing worlds.

Dr. Aylward set up his laboratory at the bottom of his garden (a useful distance away from his house, given that he was working up to 18 hours a day, with his wife, Angela, looking after most of the administration). But while business improved, he still had the feeling that "while we could manage, we were not really secure." There were also persistent problems with cash flow.

Step forward

It was at this stage that Aylward decided his research activities would either have to fold or take a big step forward. He chose the latter course and raised a second mortgage on his house to help finance expansion. Jeff Maddock also raised money on a second mortgage and joined Aylward full time in September 1976. It was at this point that Simbec was formed, with Aylward and his wife owning just over 50 per cent of the equity, and Maddock and his wife the balance. Jointly they raised £18,000.

The money soon gets swallowed up. Some laboratory items cost more than £1,000, and Aylward insists on buying the best. It is essential to do so, he says, because it is only the best that is capable of being adapted as time goes by. So it makes economic sense.

By the autumn of 1977 "we could see our gamble was likely to pay off," says Aylward. They reckoned that, because of greater legislation and regulations governing drugs, an individual drug company would find it a burden to provide all the data required. "So we had entered a market which we reckon is only now beginning to grow," he says.

Aylward maintains that the breadth of his company's base is unusual. Instead of, for example, merely doing clinical tests of drugs on animals prior to a drug eventually going on the market Simbet also comes into research earlier on. It will analyse and test a substance to show whether it has any medical potential and is therefore worth being taken further by the drug company involved. Simbec also does analyses on what sort of dosages of drugs should be given to human beings. In effect, it will do all the work required up to the point of a drug company seeking a product licence.

To do this Simbec now employs over 20 people, embracing clinicians, bio-chemists, physiologists and chemists. About 85 to 90 per cent of its business is overseas in such countries as Denmark, France, Italy, Germany, Japan and the U.S. In the first full year's trading, 1976-77 turnover was £120,000, and for the 12 months to September 1978 it was £144,000. This year the forecast is for £320,000.

This growth has left Simbec extremely pressed for space in its bottom-of-the-garden laboratory. It now has plans for a new laboratory, about a mile away, covering over 7,000 sq ft, compared with its existing premises of just over 2,000 sq ft.

It was partly a realisation of the type of extension that was necessary which led Aylward to bring in Brian Hallisey as business manager at the beginning of the year. Hallisey in fact knows the company rather well since he is an old school friend of Aylward's and was the person who put him on to the Company of the Year competition. But that is not the reason for his appointment. He has the background Aylward was seeking, being not only an accountant, but having worked both in industry and the National Health Service.

Hallisey's arrival set a number of wheels in motion, including simple, but nonetheless essential, things like "getting the invoices sent out." A side effect of entering the competition was that Hallisey speeded up his preparation of a five-year sales and profits forecast, the achievement of which is dependent upon getting sufficient funds to finance the growth. "So we needed to look for money," he says.

Until that point financing, other than that put in by Aylward and Maddock, had been generally by bank overdraft. But Hallisey's quest for other forms of money has opened up a whole new range of opportunities hitherto unrealised by the company.

He discovered, for example, that the company could get interest relief on term loans through the Welsh Office, that the Welsh Development Agency can provide substantial loans, and that discretionary grants are available through the Department of Industry.

And the DoI — sometimes criticised for not imparting all the information it might—pointed out to Simbec that the company is eligible to apply for a facility from the European Investment Bank on favourable interest rates.

Not only that but, through conversations with Simbec's solicitors, Hallisey discovered that Simbec could even try for a loan from the European Coal and Steel Community, since it is in an area of both coal and steel production.

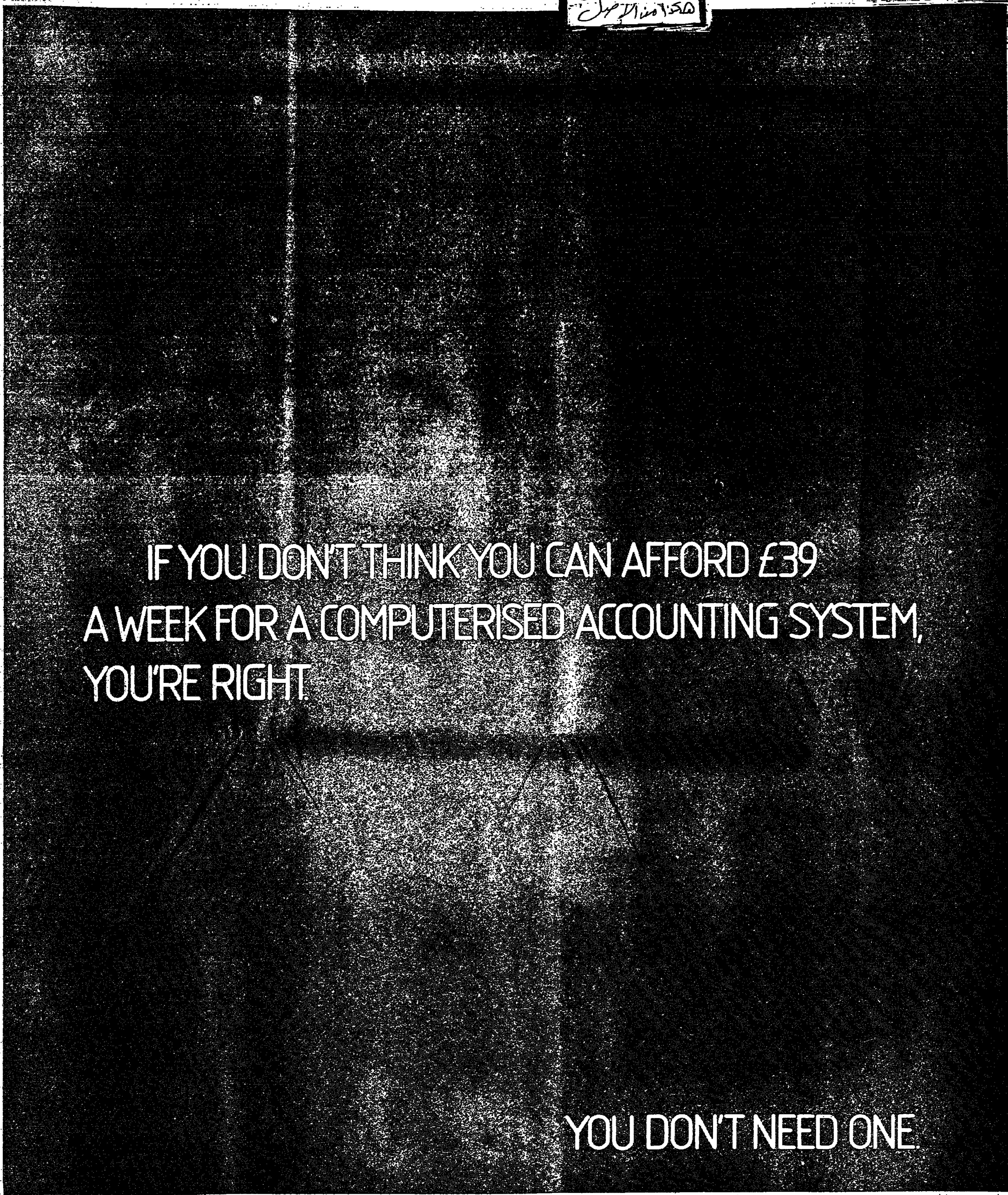
Another innovation since Hallisey's arrival is the production of management information which shows on a monthly basis more or less what the company's general position is. This has not yet reached the stage of being full management accounts, but he is working towards that.

Entering the competition has also made things easier for Simbec with its bankers, Barclays, which, says Aylward, now seems to be more sympathetic to the company's needs and has increased its overdraft facilities.

Growth quest

Aylward's quest for business and growth is by no means vague—his current target is that in three to four years' time he will employ 45 people; that may in any case be a necessary level in order to consolidate the business.

Nor is he really after making a personal fortune. Though he and Maddock are looking for a "reasonable" standard of living, their search for profits is more to fund their own academic research into rheumatoid diseases and depressive illnesses. They have continued their research in these areas right from the beginnings of the company and, though, it may sound a little trite, one gets the impression that their own personal "fortune" would be a breakthrough in the treatment or even cure of these two illnesses.



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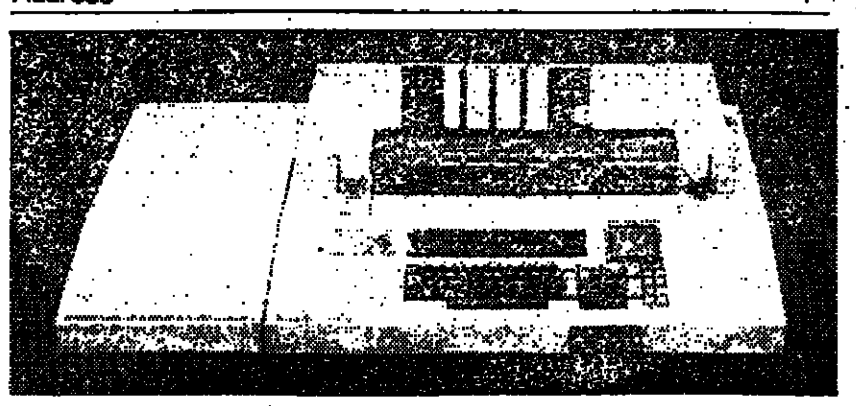


olivetti

OUR BUSINESS IS BUSINESS

LOMBARD

Why I decided to go fishing

By JOHN CHERRINGTON

AND HOW, asked my wife the other day, are you going to vote on Thursday? A good question. Time was, a very long time ago, when I took a deep interest in politics. Filled with a burning determination to improve the world, I participated at grass-roots level, lost two elections in the party interest and forever after kept clear of any commitment at all. My resolution on this score was re-inforced by the political neutrality imposed by the media I have worked for—a magnificent alibi with which to wash my hands of the whole sorry mess.

Incompetence

I had, as I saw it, three alternatives in my constituency. Four, if you count abstention. I had nothing against any of the candidates, but, at the same time, knew nothing of their capacity for governing a country. This, I am told, does not really matter. It is the party which counts. But a party is the sum of the whole, and, if you start with incompetence at the grass-roots, you will end up with a similar administration. And, when judging past form, it is difficult to award either praise or blame to any side in particular.

Mrs. Thatcher has made quite a thing of the abuses of union power, and I would agree that the unions have an unpleasant side. But they are only demonstrating collectively those capitalistic attributes of survival in a market economy, of which in essence as a Conservative she must approve. Perhaps it is only the methods used she doesn't like. Nor has Mr. Callaghan been much more successful. To advocate a 5 per cent wage rise at a time of soaring prices, as he did, was hardly well-advised.

But who did advise him? Was it the Treasury or the Bank of England? If it was, there is a good case for making the higher bureaucracy an election issue. The record of previous governments may not have been their fault after all.

Since 1945 we have had about 17 years' rule by both parties. Each has had its special axes to grind. The Labour Party is that of nationalisation, which I for one don't like. But, on the other hand, if it wasn't for the state, who could provide the railways, gas, electricity, and other services?

It is stupid indeed to nationalise dying industries, or even hand them to a National Enterprise Board, if they can never be viable. It is obviously more sensible for a Government to nationalise success. The trouble with nationalising is that it spreads bureaucratic control. But in my own business of farming, I have found that, as the firms I deal with have been taken over and become part of major groups, they have almost invariably become as inflexible, arbitrary, and bureaucratic as any state-owned firm.

But what has Mrs. Thatcher promised about this? Some vague remarks about relieving taxation on small businesses and others. I am all for tax concessions and some very significant reliefs are being given to small businesses in the capital taxation field by the last Government. I would welcome both high and low income-tax relief, but in terms of increasing productivity I doubt if it would amount to a row of beans.

On the economic front there is no doubt that progress has been made, in spite of the efforts of all governments to prevent it. Living standards are probably double what they were 25 years ago, and this in spite of at least 20 years of recurrent squeezes, high interest rates and wage controls of one sort and another.

Coalition

On inflation, both parties have to take the blame. High interest rates are inflationary of themselves. Decimalisation, which increased the value of the lowest unit of currency by 250 per cent, was agreed by Labour but implemented by Conservatives. Local Government re-organisation was a Tory responsibility and a costly one. So, too, was Sir Keith Joseph's reform of the Health Service.

It could be, of course, that the general public would really prefer some sort of coalition to sort out the real problems which are facing Britain and the Western world—the threat from the Comintern forces, living with OPEC—and high energy costs, dealing with unemployment. If they think about these things at all, the politicians have hardly mentioned them. Yet these are the issues facing us today in which no one appears to be interested. And so I decided to spend the day fishing.

AROUND BRITAIN

GUERNSEY

A squeeze of the Tom

BY EDWARD OWEN

IN GUERNSEY'S tomato greenhouses—some of them as big as aircraft hangars nowadays—the main topic at present is how to save on heating.

The island's 2,000 commercial growers use some 135m litres of oil a year, and recent events have brought home their vulnerability both to shortages and the mounting price of oil. The latter is felt by many growers to be reaching a critical point for the industry.

Growers cannot pass on extra overheads to the consumer; their returns depend on what tthe housewife will pay. And oil price rises since October are adding something like £1m to this year's production costs.

There are even those in the industry who think that the future cost of winter heating could reverse the trend towards a year-round growing season, even though it is the early and late crops that bring the best prices.

In the long term, the question is how long growing can continue to depend on oil. Ian Dorey, who heads one of the leading tomato-producing concerns, Fruit Export, foresees the day when "people will be asking why greenhouses should be allowed to burn oil."

Guernsey growers began to desert coal for oil in the 1950s, but many agree with Mr. Dorey that they could be back to coal within 20 years.

Meanwhile, energy-saving methods being tried out by growers or at the island's experimental station include double glazing with various plastic materials, the use of thermal screens to reduce heat loss at night, lower night-temperatures and a root-warming technique.

Whatever technical changes have to come, however, it is clear from the amount of new glass going up that Britain's "tomato isle" is determined to stay very much in business.

Helped by island government grants, about 40 acres of glasshouses are being built every year at a cost of £80,000 to £100,000 an acre.

Though it may be difficult to believe as one flies over the island's mass of shimmering roofs, the area under glass has shrunk in the past decade from over 1,100 acres to around 950 acres.

The aim is to condense the industry by the mid-1980s into 850 acres of efficient glass, and most growers think this is a realistic target.

So far, frustrated by months of untypically dull weather for the Channel Islands, the modernisation programme has not achieved anything like the hoped-for 8 per cent to 10 per cent annual rise in productivity.

While higher retail prices enabled the island to earn £24.6m last year from tomato exports—an increase of 0.6 per cent in real terms on 1977—the quantity shipped was up by only some 100,000 six-kilo trays.

As a result, the Guernsey Tomato Marketing Board, the producer-controlled organisation that handles all exports, is in the position of having a bigger demand than it can satisfy.

Guernsey supplies about a sixth of Britain's tomatoes, but the GTMB believes certain areas, especially Scotland, could absorb considerably more.

The French have also taken a liking to the Guernsey Tom for its firmness and good travelling and keeping qualities, and visiting buyers have said they could sell much more than last year's 1,360 tonnes if regular supplies were assured.

On the marketing side, a good system of grading and inspection has been one of Guernsey's selling points. Grading is carried out initially in growers' packing sheds or by specialised firms and then checked by GTMB inspectors.

Recently there has been anxiety about lax grading, and the island parliament has now approved stiffer penalties for infractions—fines of up to £500, with the drastic step of an export ban for persistent offenders.

It also looked as if legislation might be brought in to control the introduction of new types of tomato plant, since the authorities were becoming increasingly worried about the use of "untried" varieties that might damage the Guernsey Tom's good name.

However, a working party set up to study the problem concluded that it would be impracticable to legislate, and instead a new body, the Guernsey Tomato Varieties Committee, has been formed with the co-operation of UK seed houses to supervise a voluntary system of trials and market testing.

Meanwhile, at the experimental station and in commercial glasshouses, new growing methods are continually being tested.

Hydroponics—growing in a nutrient solution—as yet is used on a very limited scale in Guernsey, but a number of growers are experimenting with the high-wire training of the tomato plant instead of the traditional local method of arching it over.

Very few, if any, Guernsey tomatoes are now grown in soil, which involved the time-taking operation at the end of each season of steam-sterilising each glasshouse.

Like wine growers, tomato growers have to fight a year-round battle against pests and diseases—diseases chiefly of the bacterial and fungoid type nowadays, since plants are inoculated against virus infections.

One major pest, white fly, is being combated biologically by introducing into glasshouses a counter-parasite, a tiny wasp.

Kenilworth Vineries, Guernsey's largest single tomato producer with 30 acres under glass, is planning to produce its own wasps next season, instead of buying them from Holland, if the method proves successful.

Packing tomatoes at Kenilworth Vineries, the island's largest single producer.

Olympios preferred for Jockey Club Stakes

RACING

BY DOMINIC WIGAN

ALTHOUGH THIS afternoon's Jockey Club Stakes may not contain a mile-and-a-half performer of quite the high calibre of last year's five-length winner, Classic Example, there will be a good deal of interest in the race for the French challenger Wild Oats is among the nine accepted.

Wild Oats, a lightly-raced four-year-old who scored on the second of his three appearances last term, will clearly strip as fit as any in view of the expense and effort involved in international travel nowadays and his chance must be respected.

However, my idea of a more tempting proposition is Olympios, who struck me as a certain future winner when going down to the far more forward Icelandic in Newbury's John Porter Stakes over today's one-and-a-half mile trip on April 21.

Looking to the future, there is no more interesting race on the card than the Pretty Polly Stakes, this year supported by Playboy bookmakers. For here the field of eight includes possible classic candidates in Danilova and Reprocolor.

The first-named, a bay daughter of that phenomenally successful sire Lyphard, failed to land a major gamble here in October. Coming home a well-beaten third of 26 behind Ataho after being backed through all rates from 16—1 to 4—1 in a matter of minutes. However, she has come on a great deal in recent weeks and I have no doubt that Barry Hills, responsible for 19 winners there in the past five years, would not be fielding her with Steve Cauthen in the saddle were he not confident of a bold showing.

One in a Million duly retained her unbeaten record in yesterday's 1,000 Guineas, but many racegoers were left wondering about the exact value of the form, with Abbeydale and Yanuka both finishing fast to occupy the minor places. Corals were the most impressed by the victory of the Henry Cecil filly, who forged into the lead over two furlongs out, and they cautiously quote her at 7 to 2 for the Oaks. The other leading bookmakers go 5 to 1.

NEWMARKET

2.00—Magneto
2.30—Carnival Dance
3.05—Olympios**
3.35—Danilova***
4.05—Stormont*
4.40—Redenham

TV Radio

BBC 1

† Indicates programmes in black and white

5.40 News.
6.05 Nationwide (London and South-east only).
6.30 Nationwide.
7.00 Wonder Woman.
7.45 The Ronnie Corbett Special.
8.30 Open All Hours.
9.00 News.
9.25 Election Round-Up.

BBC 2

LONDON

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

Radio Wavelengths

RADIO 1

RADIO 2

RADIO 3

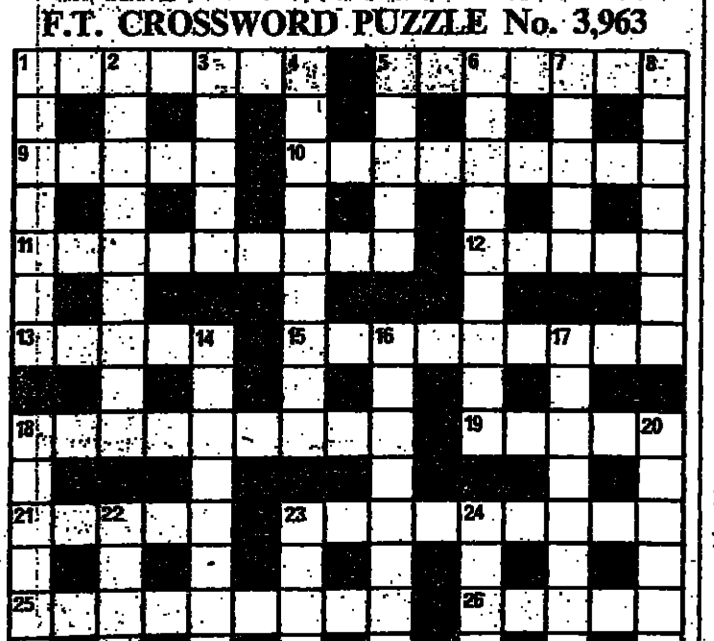
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

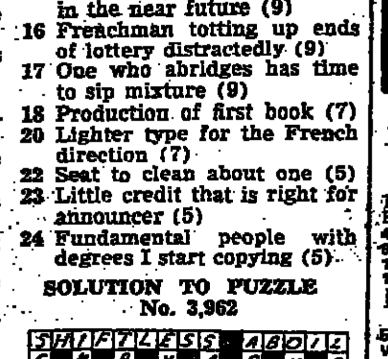
F.T. CROSSWORD PUZZLE No. 3,963



ACROSS

DOWN

SOLUTION TO PUZZLE No. 3,962



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

FINANCIAL TIMES SURVEY
Friday May 4, 1979

Steel Stockholding

The steel stockholding scene in Britain has been marked in the past year by a series of company closures, mergers and takeovers. Although the steel trade internationally is now improving at a reasonable rate, most stockholders forecast little or no growth in the total British business available to them in the coming year.

Low profits force more companies to merge

THE SHAKE-OUT in the British steel stockholding industry still has some way to go. Slowly, but inexorably, the middle ground of the business—which up to now has been the preserve of a number of old-established companies, often with strong regional reputations—is being surrendered to the big battalions.

In a year that has seen little or no growth in trading, the stockholding scene has been enlivened by a series of company closures, mergers and takeovers. Many old trading names, well known to generations of manufacturing industry, have been kept alive during the rationalisation but control of their operations has passed to bigger groups.

The shake-out has been forced upon the industry: the inevitable consequence of a prolonged period of recession in the steel trade following the 1975 slump.

Stockholders are by the nature of their business intensive users of working capital. As the market has bumped along for four years at lower levels than would have seemed credible when forecasts were being made in the early 1970s shortage of capital has forced some companies into the unwholesome business of emergency selling of stocks.

Low profits and shortages of capital were two of the factors that sparked off the wave of rationalisation among the 300 stockholding companies serving the British market.

A third important factor was the determination of the British Steel Corporation to secure a significant presence for itself in the stockholding business through its own stockholding arm—British Steel Service Centres.

BSSC built up its market shares in some sectors of the stockholding business quickly in the mid-1970s. And, at that time, the corporation gave an assurance to the National Association of Steel Stockholders that it would rest content if it could secure a 15 per cent market share across the board in steel stockholding.

The arrival of such a big fish in the pool caused considered disquiet among the private sector companies. However, British Steel has shown itself prepared to move forward quietly and acknowledging its responsibility for helping to keep the stockholding business on an even keel. The corporation has shown itself particularly sensitive to the point that the companies it is entering into business alongside in a competitive fashion are in most cases also its customers for steel.

During the past year British Steel has been working away at the most difficult operation of its movement into stockholding—the building up of a strong presence in the big and crucial sector of general steels stockholding.

The share of the general steel market held by British Steel Service Centres has been raised within the year from a few per cent to well over 10 per cent. Most of that new trade has come from the acquisition of one big business—Dunlop and Ranken, purchased from the 600 Group for £2.4m plus some financial arrangements not revealed.

Strengthened

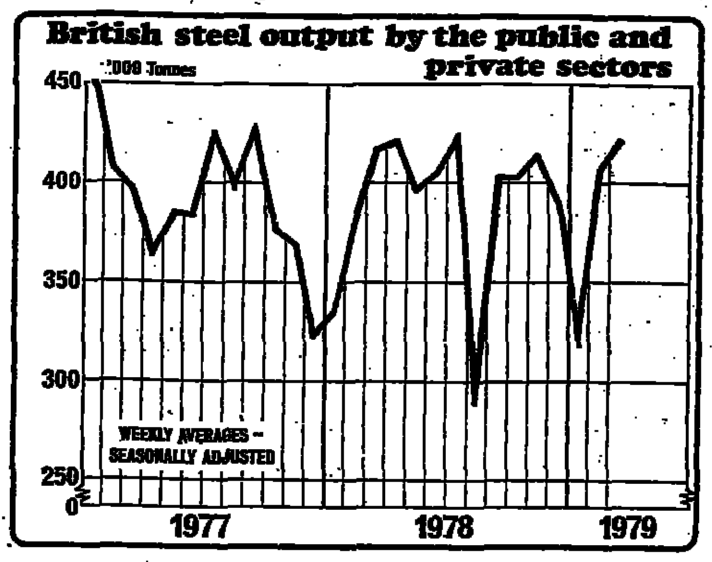
British Steel Service Centres has also strengthened its position in sheet steel stockholding by buying the Glynwed sheet steels business (trading under the name Cashmore) for between £4m and £5m.

By that deal the corporation raised its share of the sheet stockholding market to nearly 10 per cent.

The recent experiences of Glynwed in stockholding before the deal illustrate the levels of the difficulties that have been facing a number of firms during the recession. Glynwed had lost £1m on its sheet steel stockholding in one year and could not foresee anything better than minimal profits ahead.

The company said frankly it was selling out to British Steel Service Centres because it believed the business would provide only very modest returns in the future — while demanding continuing cash investment.

The steel trade internationally is improving now at a reasonable rate. In some countries—notably in the U.S.—business is very good indeed. The upturn has also come to Europe where



demand is growing although prices for a number of products remain weak. The difficulties of stockholders in the British market are being exacerbated by the stubborn refusal of the domestic economy to move ahead at the same rate as the rest of Europe.

Perhaps tending towards pessimism after the battering they have received in recent years, companies in stockholding are generally forecasting little or no growth in the total British business available to them in the coming year.

Individual companies can only grow in the short term, it is widely believed, by improving their market positions at the expense of others. That is one reason why the shake-out of companies is likely to go on for some time yet. In such a static trading situation it is tempting to seek to divide the cake among fewer mouths.

British stockholders, through the National Association of Steel Stockholders, are committed to supporting the schemes of Viscount Etienne Davignon the European Industrial Commissioner, for limiting production in EEC steel, managing international trading, maintaining certain levels of steel pricing, and ultimately encouraging the radical restructuring of the industry.

Pressures

After early problems last year the stockholders seem to have learned to live with Davignon, at least for the time being. But as free traders by nature it is natural that they should chafe at the management of their trade from Brussels. Some chafe less than others, it should be said.

The British steel market has become much less insulated from the Continental European market during the last two years. The pressures of cheap Continental steel have been considerable.

But throughout that crisis period British steel prices have remained more stable and generally at a higher level than those on the Continent. Steel-users have complained at the ruling differential of a few per cent from time to time. But industry has also seen the wisdom of allowing British steelmakers to continue to produce at some profit rather than joining in a cut-throat spiral of price reductions with the more adventurous Continental producers.

The British stockholders can fairly claim that their influence upon the market, and their restraint during an unusually difficult trading period, have combined to help prevent a collapse of British steel prices.

Now, however, the stockholders and the producers are uncomfortably aware that much of the steel they are handling is under-priced. They are looking for a general round of Davignon-inspired price increases in the summer.

Roy Hodson

Testing time for flat rolled products sector

THE FLAT rolled products section of the stockholding industry is emerging from its most momentous and nerve-racking period. It has shed a number of big—or biggish—operators who could no longer stay the pace against mounting financial losses.

This sector has arguably the greatest degree of surplus plant and equipment overhanging it, if only because it is by far the most capital intensive, with integrated process lines costing £300,000 to £500,000, or even more.

Before the closure of flat rolled activities by operators such as TI Barrow Hope, Arthur Hodge, Gardner Steels, Siddens Steel Sheet (Ash and Lacy) and John Cashmore (ex-Glynwed), some of those most interested in studying steel stockholdings in depth came to the conclusion that capacity overall was sufficient to deal with around 50 per cent more than the market share justified.

But while consumption was galloping ahead it helped to mask the underlying (and growing) over-capacity. BSC was unable to cope with all the demands being made on it and imports were widely sought. When demand collapsed in the aftermath of the oil crisis this over-investment was revealed in frightening detail. What had been profitable concerns with windfall profits as steel stocks appreciated often quickly became highly unprofitable with windfall losses as demand receded.

The lessons of the past couple of years or so have bred caution everywhere. Even if there is an improvement in demand, BSC will need indisputable evidence of a longer-term trend before committing itself to setting on more shifts at the mills, if the present is an indication.

Because of the lorry drivers' strike and related problems, deliveries from the mills have gone out to three months, but BSC is resisting adding to the labour force to solve what is a temporary phenomenon.

It was no consolation at all that the same thing was happening in Europe and in other parts of the steelmaking world. Competition, always keen, was intensified through another factor, the portability of typical basic flat rolled products such as hot rolled coils and plate. The products of other sectors making sections, cold reduced and galvanised products are a good deal more unwieldy or difficult to handle through sheer bulk or the need for special protection from the corrosive and other rigours of a sea voyage.

During this hectic period, UK operators behaved with a good deal more restraint and responsibility than many operators on the Continent and elsewhere. Consequently, with only a modest amount of help from "pirates" on this side, who had little to lose in riding the downward price spiral and some prospect of profit, Britain became a favourite dumping ground for Japanese, Bulgarian, Romanian and other East Europeans, plus some Continental operators.

Prices

Even now, when some stability has been injected into the UK market, it would be easy to disrupt the delicate price structure. All one has to do is to 'phone a few customers looking for quicker or cheap supplies than can be provided via British Steel Corporation and offer them, say 5,000 or 10,000 tons. Then, having secured sufficient tonnages to make the operation worth while, to do a deal with one of the many sources only too willing to turn metal into cash. This was being done on a scale sufficient to generate uncertainty, if not mild panic—to say nothing of pushing some operators under for the third time.

Losses sustained by some of those who have retired from the fray painfully illustrate what has been happening. According to Inter Company Comparisons, TI Barrow Hope lost £96,232 in the 1977 financial year and £950,077 last year.

Arthur Hodge lost £168,319 in 1977 and £302,466 in the last financial year. Gardner Steels lost £769,993 in 1977.

It was a testing period for everyone in steel stockholding, but especially for those in flat rolled products. Just how much capacity has been taken off the market by closures is a matter for informed guesswork. In terms of an aggregated market share, it probably does not amount to much more than 5 per cent, though even that is a welcome addition to be shared out—or fought over—among the survivors.

In terms of capacity, the total is more significant. Independent judgments put it at some 10 decoiling lines with associated slitting, guillotine and other facilities. These have been eliminated either temporarily or, as in the case of the John Cashmore flate products division, eliminated permanently. It will be recalled that British Steel Services, the stockholding arm of BSC, stepped in and averted a takeover by Italsider, the Italian conglomerate. John Cashmore operated from five sites and the assets were bought by BSSC which is now awaiting overseas offers for the plant and equipment.

While the disappearance of this capacity has lightened the problems, it has by no means solved them. There still exists capacity looking for business and it would be surprising if further pruning and rationalisation can be avoided. A further period of adjustment looks likely, but at a more sedate pace, not nearly so traumatic as these last couple of years.

The Davignon plan for restructuring the European steel industry, after initial failures seems to be working to much better advantage. Originally, it aimed to limit production from the mills to slow down, if not stop, the gadarene activities of desperate operators chasing prices over the cliff tops in order to obtain turnover. This was too widely honoured in the breach to be effective.

The other step of putting a price floor under certain products and limiting imports into the European Economic Community countries to 6 per cent of domestic turnover has succeeded much better and an altogether different climate has been created, with the Japanese, East Europeans and other accepting sensible restraints.

The British Independent Steel Producers' Association and the National Association of Steel

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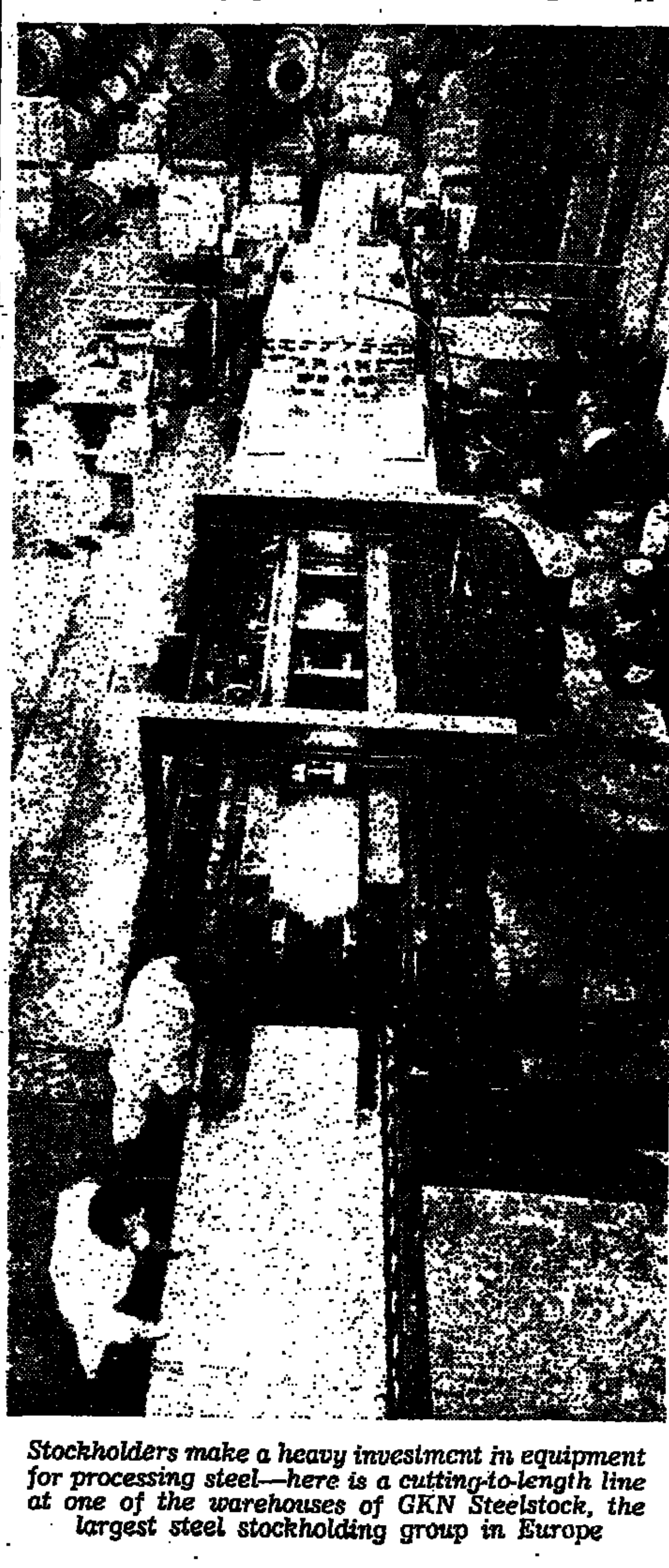


Stockholders make a heavy investment in equipment for processing steel—here is a cutting-to-length line at one of the warehouses of GKN Steelstock, the largest steel stockholding group in Europe

European producers are more hopeful

IT WOULD be rash to predict that a world boom in steel is on the way. But in many countries the steelmakers are agreeably surprised how quickly they have moved out of the period of recession and how strong the market appears to look for the foreseeable future.

Europe has been one of the territories slowest to respond. The problems of surplus capacity and old plant coupled with no real upsurge in demand in the heavy steel-using industries continue to make life *difficult for the European steel*makers. All those problems are being felt in a particularly acute form in Britain. But many of the European steelmakers have begun operating profitably once again during recent months. And even the biggest loss-makers—British Steel and Italsider—are hopeful of greatly reducing their losses in the coming year.

British Steel and the members of the British Independent Steel Producers' Association together enjoyed their best *month's production for a year* last month.

Healthier

Mr. Gordon Sambrook, the commercial director of British Steel, says the corporation's order books are looking healthier for the next six months period than they have for some time.

One reason suggested by British Steel is that the stockholders are now regaining confidence and are starting to build up steel stocks which were run down to low levels last year during the worst period of the crisis in demand.

Mr. Sambrook calls the improvement "fragile." It could easily be upset, he argues, if customers switch orders more actively from now on between producers in order to seek temporary advantage. The main encouragement he is drawing from the figures is that custo*mers are starting to drift back* to British Steel despite the fact that there is little overall improvement in the level of steel usage in industry.

Transport difficulties experienced during recent months — caused by bad weather, and road and rail disputes—caused considerable disruption to steel production and deliveries. The backlog has still not been made up and there is no doubt that the present brisk demand for steel in Britain is partly due to the necessity to replenish abnormally low stocks.

The challenge to British steelmakers in the months ahead, if order books continue to lengthen and stockholders get well into the groove of a stocking cycle, will to be hold off bigger steel imports.

Already about half the sheet steel sold in Britain is from foreign producers. British Steel must work to supply any increase in volume of orders and to hold off the import competition. Only by seizing the advantage of a new wave of stocking on the home market can the corporation hope to be able to reduce its losses in the current year from the previous level of more than £350m.

A closer association between British Steel and the stockholders is the surest way for the corporation to capture the lion's share of an upward trend in orders for itself rather than surrender those new orders to overseas competitors.

In the heavier end of the steel trade real signs of a recovery in demand are still few and far between. The heavy engineering industry remains depressed. Until there are new orders both at home and abroad the demand for constructional steel will continue to fall far short of Britain's capacity to produce.

Investment

The cut-back in the British Steel investment plans which were made last year by the Government reduced the total projected investment programme by £2bn. Events soon proved that the cuts were sensible and will result in a modern industry in the 1980s of a size to be reasonably matched with markets.

But the slashing of the programme can also been as a heavy blow to the British steel plant construction industry, and in turn, to the hopes of steelmakers to supply steel for a variety of works projects. There has been no spate of new construction projects yet sufficient to replace the lost construction business caused by the steel programme cuts.

Although recession has hit a great many steelmakers during the last few years it is still a fact that the total world steel production of 712m tonnes last year was an all-time record.

While the older steel-making *and* steel-using nations have been suffering the developing countries with new steel industries have been doing very well indeed.

Forecasts

According to forecasts by the United Nations Industrial Development Organisation (UNIDO), the developing nations will achieve a market share of the world steel business within the next ten years *comparable to the shares of the* present big producers—Europe, America, and the Japanese. Thus, a new factor in world steelmaking is rapidly changing the traditional calculations about production and marketing.

The steel producers of the developing nations are, on average, expanding at a rate of more than 10 per cent a year. Brazil is already a major producer, for instance, with more than 12m tonnes a year output.

Brazil's plans for steelmaking are nothing if not ambitious. That nation intends to be making more than 30m tonnes a year by 1988. And a substantial proportion of that steel will have to be sold in export markets. Almost as impressive figures can be quoted for other big developing nations in the steelmaking race including Mexico, India, and South Korea.

Things are more difficult nearer home, however. A series of forecasts from European steelmaking nations made recently sums up market prospects in the European area:

- **Britain:** Little or no improvement in steel demand during 1979.
- **France:** Perhaps a small increase in demand of several hundred thousand tonnes during the year.
- **W. Germany:** An improvement of about 1m tonnes in steel consumption expected to raise consumption to about 36m tonnes.
- **Italy:** Some improvement in economic activity enough to raise steel demand to 21m tonnes—a 1m tonne improvement.
- **Holland:** A small decline in *consumption.*
- **Sweden:** A modest recovery in demand of perhaps 400,000 tonnes.
- **Belgium-Luxembourg:** Static demand for steel at about 4m tonnes for the year 1979.

The imponderable now is how fast and by how much European steel demand will recover during the next three or four years. And which producers will benefit from additional business?

Threat

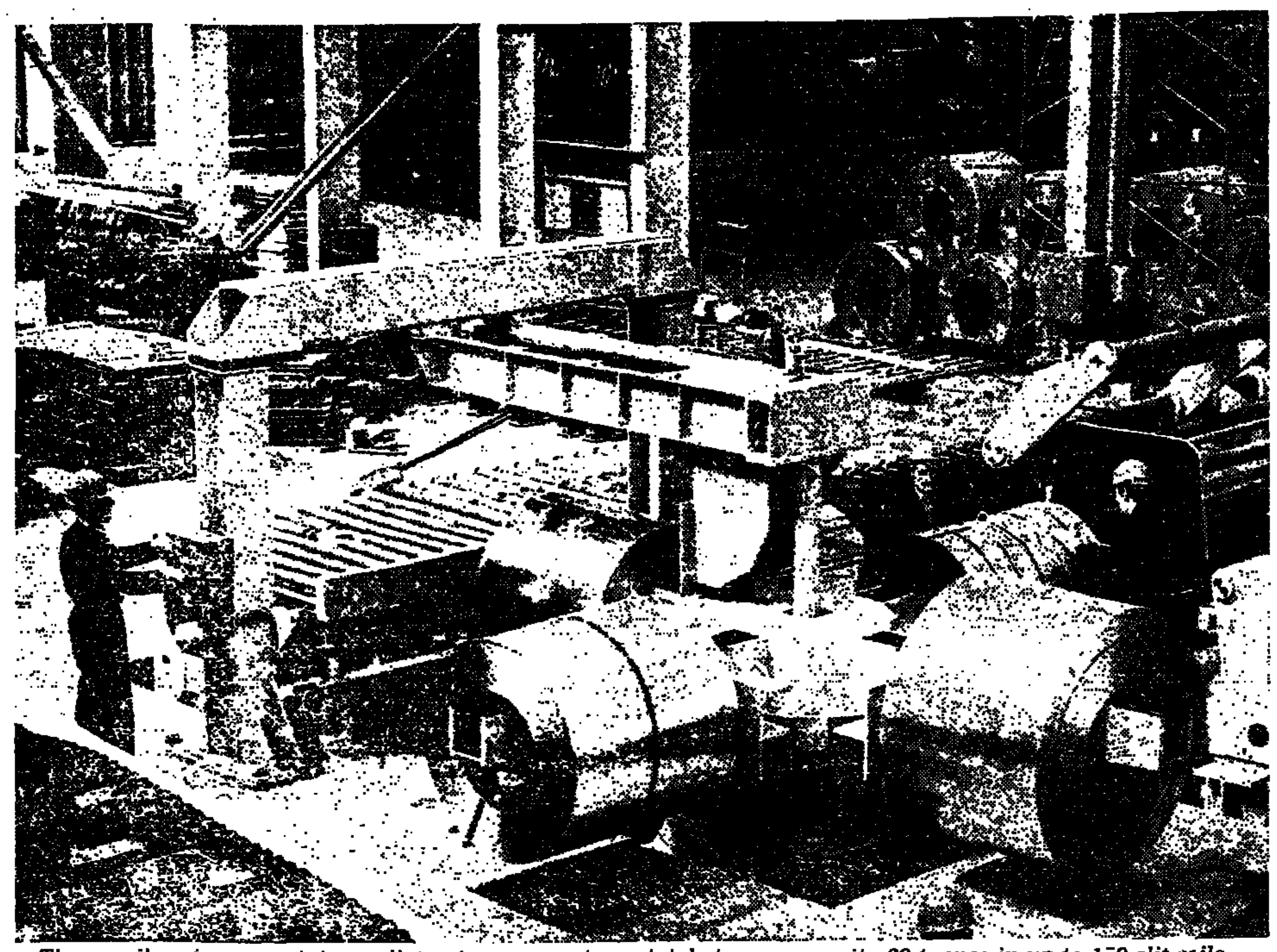
Clearly there will be a growing threat in European markets from developing nation steelmakers. The Davignon trade restraints have artificially reduced competition from imports for many months now. But they cannot remain in force for more than a limited period. They are a response to a crisis rather than a permanent feature of world steel trading.

In Britain steel production in 1978 was 0.5 per cent below the 1977 figure. British Steel made only 16.7 tonnes of liquid steel —its smallest annual output since nationalisation.

There should be a small BSC recovery during 1979-80. Meanwhile, the private sector British steelmakers are generally profitable.

There are clear advantages in closer future co-operation between British steelmakers *and British stockholders serving* the home market. But it will not be possible for anyone in the British steel market to ignore the wider trends on the international steel scene.

Roy Hodson



The recoiler, four-arm intermediate storage capstan—total storage capacity 60 tonnes in up to 150 slit-coils—and the pull-off station and down-ender on the heavy-duty slitting line at the sheet steel service centre of H. E. Samson at Colnbrook, on the western outskirts of London

Flat rolled products

CONTINUED FROM PREVIOUS PAGE

Stockholders (NASS) have also played a determining role in helping to bring order to the pricing structure and to provide *a breathing space in which more* secure foundations can be sought. Those who have survived less-mauled than others have come through as testing a time as managements are likely to encounter in a long day's march.

If there were any illusions that steel stockholding was a matter of keeping close to the customer, they must have been killed stone dead. Loyalty, too, often proves a weak prop when tested with a cheaper price and service has to be well above the call of duty if it is to prevail. This is not to say that customer loyalty has been relegated to a back row place, but in the crisis for survival it does not count for much these days.

If customers drive down prices too far they will inevitably miss out on some of the services now provided and *which are increasingly part and* parcel of operations as stockholders become more closely integrated into the production line.

Assistance

Nor must the part that BSC has played in helping stockholders out of the economic quicksands be underestimated, even though the State-owned giant is in competition in stockholding through British Steel Services.

Defence of the industry as a whole has been salutary. After an early period of trying to toe the Davignon line and of being out-smarted by less squeamish operators, a warning by BSC that it was prepared to match price cut for price cut brought a steadying influence to the European scene.

Nor has BSSC tried to exercise its muscle other than in the general defence. Some five years ago it gave an undertaking to NASS that its incursions into stockpiling would be limited to not more than 15 per cent in any one sector. Its acquisitions in this field were designed to bring BSC into closer touch with its customers and there is no doubt that this has been beneficial in aligning the mills more closely with demand trends. So far as purchasing goes, BSSC enjoys no better terms than any other customer. For the time being it it an "arm's length" relationship. Whether BSC would ever in the future use stockholding as an integrated activity, perhaps to get steel to customers at lower prices must remain unanswered.

In the past few years, BSSC acquisitions among the bigger stockholders in the flat rolled sector has given it an estimated 10 to 12 per cent of the market, about half what the leader, GKN Steelstock has won. This is a much greater share than BSSC has in any other sector and it may well be that there will not be many changes over the next two or three years.

British Steel Services—as much as anyone else—needs time to consolidate, and with total consumption unlikely to *increase by more than 3 per* cent (if that, over the next two years) any further major sallies into the flat rolled sector could undermine BSSC's relationship with the rest of the industry.

Peter Cartwright

STEEL STOCKHOLDING IV

Pressures on the British market

THE BRITISH market for steel is unlikely to develop very much during the next two years, according to the best forecasts now available to the industry.

Steel stockholders have been used to growth. Many of them were raised on it during the exciting years for the industry between 1950 and 1975 when stockholding forged ahead.

Encouraged by the American steel service centres concept, British companies were willing to adopt new ideas and to do work on steel for their customers. The result was that the stockholders raised their share of the British steel market from 20 per cent to about 35 per cent during that 25-year period.

The prospect of little or no overall growth is therefore profoundly depressing to managers in the stockholding industry.

Recognising the frustrations and pressures of a bleak market, the National Association of Steel Stockholders (NASS) is determined to take a lead in restoring confidence and stability in a badly-shaken industry.

The incoming president of the association is Mr. Norman Richards, chairman of GKN Steelstock, the biggest single company in British stockholding. He and Mr. Richard Rawlins, the association's new director, can be expected to provide energetic direction.

Last year the association took a policy decision, in the wake of the Davignon European Steel plan, that it was desirable for the long-term health of the stockholding industry in Britain to actively support British steelmakers.

Mr. Richards says: "I believe it is in the interests of the British stockholder to buy most of his requirements from domestic sources." NASS policy is likely to centre upon the desirability of member stockholders purchasing at least 70 per cent of their steel requirements, on average, from British Steel and the independent British steel producers.

If such a policy proves acceptable to most of the membership it will do much to relax tension between the stockholders and the corporation. It will also help Mr. Gordon Sambrook, commercial director of British Steel, to the extent of injecting a new element of certainty into British Steel's home commercial prospects.

The real danger is that British stockholders could become disillusioned with British Steel for reasons of quality, supply or pricing, and turn from the corporation to alternative foreign supplies. There are many people concerned with the steel industry who are now working to restore confidence in British sourcing to prevent that happening.

Impact

But imported steel is still having an important impact upon the British market. British Steel now supplies about 54 per cent of the home market's requirements; the private sector has about 21 per cent; and imports are accounting for the remaining 25 per cent of the market.

Some sectors are particularly vulnerable to imports. The three most obvious examples are flat-rolled steel products, stainless steel, and tubes. The market shares won by importers of these types of steel vary considerably week by week, but it is possible to estimate, for instance, that imports recently have been accounting for half of the flat-rolled steel trade.

Stockholders are finding it difficult to resist the pressure from imported flat-rolled products. In that sector of the trade British Steel has temporarily been relegated to a minor share and is not able to give stockholders the price leadership they look for.

As the association seeks to restore market stability it will be looking to British Steel to help its members in the market place by giving stronger price leadership. A return to the traditional system whereby Continental steelmakers selling into Britain followed British Steel's prices is sought by a number of the bigger stockholders. But there are other companies whose enthusiasm for untrammelled free trade would make them suspicious of stabilisation moves.

The association's leadership responded to the Davignon crisis plan last year by attempting to run a system of mandatory prices for nine months. That inflexible—and hard to police—system was replaced by a NASS system of recommended prices based on British Steel prices.

However, the passage of time and the weakness of the international steel market has also eroded the recommended pricing system during the last 12 months. The stockholding industry now finds itself nearer to a free-for-all in prices than at time in the memory of most of its members.

Differences between British Steel and the National Association of Steel Stockholders arise mainly over pricing and the intentions of the corporation over its own role in the stockholding trade. Although these are important matters they should not be over-emphasised—there is much goodwill between the stockholders and the corporation.

As merchant traders the stockholders have to serve their customers well: that is the secret of a good stockholding business. So the stockholders have been pleased to discover that Sir Charles Villiers, chairman of British Steel, whose term has just been extended until late 1980, is campaigning vigorously within the corporation to make it more customer-oriented.

The old tradition that steel companies exist to make steel is dying fast under Sir Charles. He insists that they are in business to sell steel.

Emphasis upon service to the customer can be expected to be a dominating feature of British steelmaking and trading during the next few years as efforts are made to win back business from imports while still providing the best possible deal.

Stockholders, determined to win new business, will have to invest in expensive capital plant. Such investments will not always be easy to justify before the market picks up, but the companies that intend to weather the recession and stay in the game are already making plans.

Example

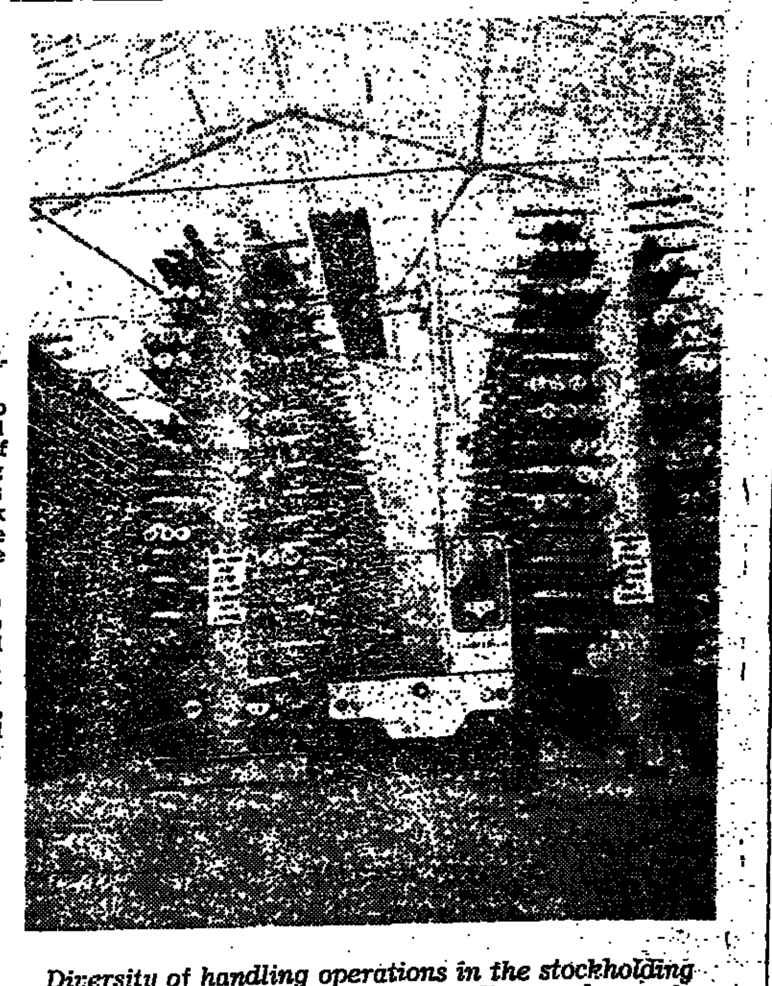
The development by Le Bas Tube in Manchester is a good example. The company is jointly owned by T. I. Steel Tube division and George Fischer, the Swiss engineering group.

To get the best deal from the quantity discounts offered by the steel mills, stockholders must buy economic production batches — which prompts the need for larger and more sophisticated handling facilities at stockholding warehouses.

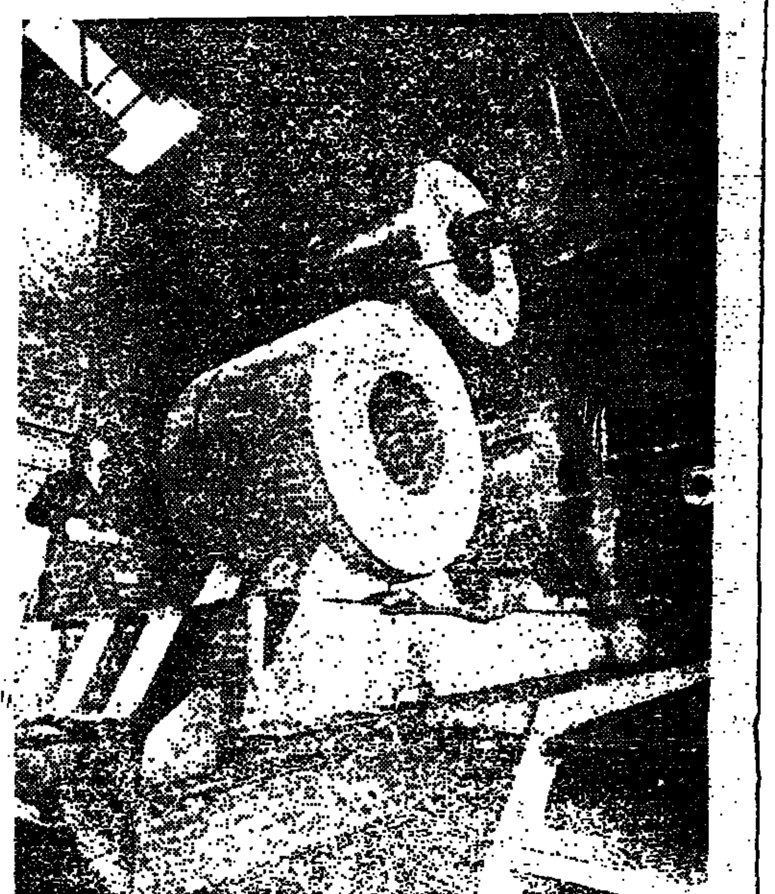
Le Bas Tube has updated its warehousing extensively in the last year to meet the need. The new centre at Trafford Park, Manchester, is purpose-built and the Midlands and the South of England are being covered by other centres in Brierley Hill and London.

Mr. Norman Poole of Le Bas says customers are now looking for tubes—the company's speciality—cut to length rather than buying random lengths for cutting at the factory. "We have convinced many people that we can do a better job cheaper than they can. So now we have a dozen machines working round the clock just cutting tubes."

R.H.



Diversity of handling operations in the stockholding is seen (above) at Hillfoot Steel's warehouse in Sheffield where LancerBoss 400 series sidelift trucks handle stock at highest racking levels. Below, a sheet coil "dolly" at Bore Steel's processing centre at Walsall, West Midlands



Stockholders' ingenuity keeps industry moving

THE WAY in which steel stockholders have kept industry going during the lorry drivers' strike is well illustrated by those serving primarily the construction and allied industries.

Without the buffer stocks they hold there is no doubt that many companies would have had at the very least to go on to short time. As it was, everyone seems to have been kept going with a little ingenuity and a lot of hard work and organisation.

Since many of the bigger customers are engaged in important contracts in the Middle East and elsewhere a disruption of work could have had unpleasant consequences, both immediately and in the longer term.

British Steel Corporation was unable to deliver from the mills, and many stockholders only obtained supplies by diverting or hiring lorries to go and collect the sections, beams and other products they needed.

Typical of the way stockholders came to the rescue was GKN Steelstock, which during the January-February crisis was sending 20 lorries a week to the mills just to collect steel.

Despite this, in a four-week period stocks fell by 30,000 tons, and by around a third over two months for flat rolled and general steels. With lorries able to bring in only around 300 tons against a call off of 1,000 tons, the drain on popular sizes quickly became acute.

Shortage

Subsequent troubles among British Rail maintenance engineers in the north-east region, which greatly reduced the number of locos available, has hampered the return to normal, and most stockists are still short of certain products.

This was hardly an unmitigated disaster for those who found themselves with higher stocks than consumption justified, though inevitably it left distortions.

When, in the closing months of last year a number of stockholder in the flat rolled products sector began to go out of business because of over capacity in a stagnant market, it sent shivers of apprehension throughout the stockholding industry and decisively marked the end of an era in which some had come into the business as a profitable diversion and others had tended to regard stock as money, and were unprepared for the windfall losses that followed windfall profits.

This applies particularly to those who have been picturesquely described as "pen and ink" merchants — people who take the orders before ordering the steel (probably from abroad) and are little more than middlemen with little or no equipment.

The elimination, for whatever reasons, of even a small percentage of business—it is probably not much more than 5 per cent in flat rolled products—has made life just a little easier for the more responsible operators, but there is a long haul yet before investment and demand are more finely balanced.

The heaviest investment is in the flat rolled products sector, but as many stockholders operate in more than one sector, and some in all, recent events have influenced a majority in the industry.

At the root of most of these problems has been prices, and the less scrupulous way those on the periphery of the industry have been operating to their own advantage irrespective of the general good.

By being among the biggest buyers of cut price steels from Spain, Romania, Bulgaria or wherever they have disrupted the price structure and put the whole industry in jeopardy. This has been a European rather than just a UK phenomenon, and a trigger for the restructuring of the European steel industry by Viscount Davignon. That the general steels sector has survived almost intact reflects the underlying strength and expertise of UK stockholders, as well as the relative strength of export oriented construction and allied industries.

In general terms, Britain can boast the most effective stockholding activity in the world, wherever one looks, on the Continent, Australia, or even the U.S. A typical comparison with an American stockholder in the general steels sector would show that in sheer efficiency, in conversion costs the UK is, say, 10 per cent better. The Americans are apt to start with a gross percentage margin on sales of around 10 per cent more than is common in Britain. Both finish up with the same percentage margin before tax.

The Americans are highly competitive, of that there is no question, and they seem much better able to command economic prices. In Europe, prices have been slashed to uneconomic levels, £30 and £40 a ton below domestic prices, with the consequences now being witnessed.

Cheap imports have been responsible for much of the instability injected into the market, as the accompanying figures show. While the year-to-year totals of imports of miscellaneous products show no great change, varying between 24 and 26 per cent over the past four years, they hide significant changes in the rates at which some product ranges have been coming in.

CONTINUED ON NEXT PAGE

Coil stockyard at Shotton Works

Stainless steel sector remains nervous

THE NERVOUSNESS of the stainless steel sector of the market is reflected in the reply of a spokesman for the BSC Stainless at Sheffield when asked a straightforward question about policy: "This is a very sensitive area and we do not wish to comment."

One of the matters the steel stockholding industry would have been grateful for is an explanation of what the acquisition of Herringshaw Steels (which deals in alloy products) portended. This is the first purchase in the stainless steel sector that British Steel Services Centres, the stockholding division of BSC, has made.

One can only speculate that it will not be the last and that further market shares will be built up as they have been in the flat rolled products sector, in which BSSC has a 10 to 12 per cent slice.

In the stainless sector, it has still a long way to go to reach the 15 per cent ceiling voluntarily agreed with the National Association of Steel Stockholders as being the limit in any sector. But because of the different way the stainless sector is organised anything that upsets the existing balance is bound to send shock waves through the companies affected.

At the opening of the Shepcote complex in Sheffield last July, Mr. Gordon Hill, commercial director, tried to allay fears by stating that "we have no intention of building up our own stockholding operation to the exclusion of everyone else."

Taken at its face value this could mean leaving the private sector with just a few per cent. What Mr. Hill obviously meant to convey, without tying himself down, was that BSC had no intention of grabbing the most lucrative business at the expense of long standing and respectable operators, though obviously it would like control to be more firmly in its hands.

Taking over the Herringshaw Steels strengthens the marketing arm, and there is no question that if BSC is going to realise the potential of Shepcote, and the associated Panteg, South Wales, plants, it needs all the strength it can find either inside or outside the organisation. It would not be surprising if others, similarly disillusioned about the benefits of stockholding were popped into the bag, despite the understanding with the inner circle of stockholders.

This comprises about half a dozen leading stockholders who have promised to buy 80 per cent of requirements through BSC Stainless, in return for which they receive discounts not available to other stockholders. In addition, they are expected to hold 12,000 tons of sheet and strip and 5,000 tons of plate. The big question is whether these arrangements are going to fit the very different circumstances when BSC Stainless begins to reach its full capacity in the next two or three years.

Capacity

When developments have been completed it will be capable of doubling stainless steel-making capacity, pushing the tonnage up from 100,000 to 220,000 by 1981, if the programme is adhered to. The projects are designed to restore BSC's place in the world hierarchy.

Since the middle 1950s it has dropped from second to eighth place. It is also the intention, by increasing the range and quality, to drive down imports and gear up exports.

While acknowledging that BSC will have the finest and most technologically advanced plant in the world to support its marketing drive, to find homes for double the tonnages in markets that all over the world have lost their appetites is going to require a tremendous all-round effort and a power base from which to exert decisive influence over costs, if not prices. BSC has said that 1980-81 is the break-even year. Much could happen before then.

At the moment, BSC holds about 66 per cent of the home stainless steel market and is aiming at 75 per cent, with some 60 per cent going through steel stockholders and 40 per cent direct to big customers.

One of the biggest customers is the nuclear processing plant at Windscale, to which BSC hopes to sell about 5,000 tons of stainless a year.

The biggest collective demand comes from process plant manufacturers for a wide variety of items from heat exchangers, tanks, tubes, pipes and so forth. It is also an essential material for nuclear power stations, nuclear-powered ships, food processing, medical equipment and vehicle exhaust systems.

It is not easy to pick out fast moving items in a market so generally stagnant, though BSC has spotted one and moved in. This is the last named, exhaust systems for which Hyform 409 has been evolved with a life expectation of at least five years. It puts on an extra £10 or 50 per cent on the price, but compared with an aluminised mild steel system, lasts twice as long. This is certainly one of the growth areas, especially for exports to America, for instance.

Where catalytic converters have to be fitted to reduce harmful exhaust emissions stainless steel silencers are also required. BSC has a 49 per cent holding in Grundy Auto Products in South Wales, a venture that might provide an interesting pointer for the future.

But where most people—and especially women—come across stainless steel most is at or *around the sink*. A growing proportion of domestic items, from food mixers to toasters and saucepans, are either made in stainless or are available in stainless.

This is where the middle range of stockholders really come into their own. Orders on the mills have to be placed two or three months in advance, and await the appropriate mill programme before they can be delivered to the customer. This long lead time is one of the reasons why the private sector of the stockholding business has proportionately a higher percentage of the overall business.

Individual customers dealing directly with the mills generally have much less chance of obtaining what they want, when they want it, than by going to a stockholder supplying off the shelf and having sufficient stock to last until replenishments arrive. It is a more sensible arrangement. Moreover, stockholders do much more than what their title suggests in the way of preparing orders for the assembly or fabrication line.

If costings are compared as between the two methods of doing business there is no doubt which on average would be the *most economical and satisfactory*.

The ability to provide a service adequate to customers' needs has been one of the strongest developments in stockholding. While service has suffered under the attack of cut throat prices as much as £40 a ton below what is on general offer, it has won out in the long run as more and more customers have come eventually to put the advantages of service above the temporary benefits of cheaper prices.

Services

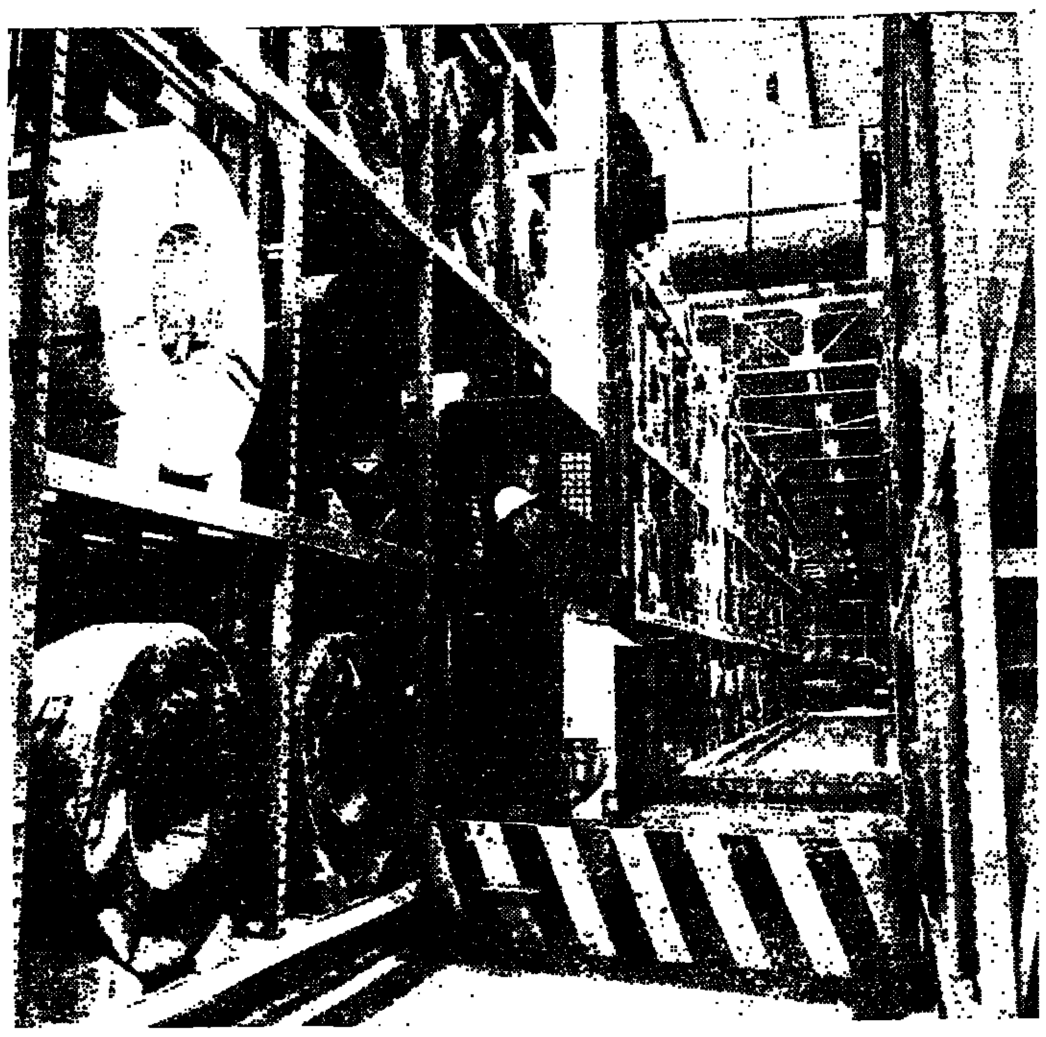
The precise preparation of orders is only one of the services that a stockholder can be counted on to dispense. Through the BSC Stainless technical and metallurgical service at Rotherham they can help a customer over a technical style with sound advice.

The stockholding function in stainless and alloy steels is on various counts important to the general well being and progress of this sector of industry. Since everything is capable of improvement, this is so also for stockholding.

Looking ahead, it may well be that if an even more comprehensive service is to be offered to the 2,000 or so customers served by less than 50 stockholders, that some further rationalisation among the 40-50 stockholders may be called for. And in a period when European and world events are creating insistent pressure for changes, this may be the way to go before events dictate.

Previous mergers have to an extent been aimed as a defensive move against the encroachment of the BSSC. Since it is clear this encroachment is going on, if the private sector operators still feel vulnerable they may again think about looking for suitable allies.

Peter Cartwright



Coil being loaded at the Sparrow North-East Division of GKN Steelstock, at Hebburn. The division (which was opened in 1977 with a basic stock of 10,000 tonnes) is the largest of its kind in the north-east, and represents an investment by GKN of £750,000

Stockholders' ingenuity CONTINUED FROM PREVIOUS PAGE

Last year, for example, imports of cold reduced strip rose from around 60,000 tons to 80,000 tons by mid-summer and have fallen back to 40,000 tons, mainly under the influence of the Davignon programme, which put a price floor under certain products and an import quota into the EEC.

A breakdown into individual product groups gives a sharper focus to what has been happening, and incidentally shows the extent to which those involved in constructional and general steels have been dependent on overseas mills. Rather more than one-third of the needs of customers for these products passes through stockholders' hands, the best of whom provide a range of ancillary services that enable orders to be delivered direct to a building site ready for use. These include shot blasting, painting, galvanising and piercing holes in addition to cutting to exact lengths.

A contractor on a large site can count on receiving the steelwork he wants, ready for use on the day he wants it. The customer's role is increasingly concentrating round designing and assembling with the stockholder fulfilling the vital intermediate functions.

Brought to a fine pitch, this collaboration can enable a portal frame building to be erected three months from receiving the order and provide a much faster cash flow for the contractor.

While price is in still too many instances the over-riding consideration, despite the slippery slope into bankruptcy it too often induces, the ability to provide additional services is becoming of growing interest since it can help to keep expensive plant at the stockholder's productively employed while relieving the customer of the same kind of outlay for only intermittent operations. Both benefit in improved turn round.

The market for sections and general steels for the construction and industrial plant and equipment industries is better than others and may even improve by 3 per cent over the next couple of years—no one is pitching forecasts any higher.

P.C.

IMPORTS OF MISCELLANEOUS PRODUCTS

(000 tons)

1978	% of home market	1977	% of home market	1976	% of home market	1975	% of home market
2.549	25	2.638	25.9	2,316	25.9	2,412	24.1
Heavy bars and sections:							
112		59		88		68	
Alloy:							
51		53		44		44	
Plates:							
657		791		810		899	
Strip mill (wide coil):							
1,418		1,423		1,027		1,166	

More stability in the tubes sector

GENERALISATION about the tubes sector of steel stockholding operations is always difficult. The overall market breaks down into so many sectors with specific products aimed at particular customers that even experts within the industry confess to their lack of knowledge about the details.

But what has been noticeable over the past couple of years is that tube stockholders have tended to withstand the recession better than those specialising, for example, in flat products.

Though a relatively small sector, tubes has attracted much interest from the stockholders. While there have been examples of low cost offers, pricing policy has tended to be more stable. Margins might have been trimmed but there have been few cases of market disruption.

For the companies prepared to accept that they must compete on efficiency and service the opportunities have remained.

Given the differing type and size of tube products available—whether alloy, carbon, stainless, welded or seamless, cold drawn or hot-finished—there are few stockholders prepared to deal in the full range. While there are a limited number of flatproduct stockholders willing to offer some tube, it is rare to find tube stockists dealing in flats.

Within the tube sector there will inevitably be the specialists concentrating on supplying national requirements, particular local markets or individual industries such as aerospace.

The question of importing tube products from overseas hardly arose before the steel boom of 1974. But the failure of British manufacturers to meet the peak demand of that year meant that customers were not only prepared to look but were often forced to buy abroad in order to meet their requirements.

Stockholders prepared to buy direct or pick up job lots on the Continent were able to build up business and prosper. UK customers became aware that they could look to a far wider market to supply their needs.

The new-found competition for UK tube manufacturers did not disappear with the recession. Continental companies had established links with the UK but their marketing men were not prepared to relinquish. In selling their products they had the added advantage that the downturn, in steel, and therefore in prices, took effect more quickly on the Continent than in Britain.

Switch

At a time when inflation was continuing apace in Britain, steel users naturally looked overseas for their requirements. But there has been an interesting switch in the past two years away from the import of welded towards seamless tube.

Because the seamless tube is a high added value product, there is obviously greater incentive to transport it across national boundaries. Another factor has been the Davignon Plan, introduced by the European Industrial Commissioner to hold stabilised EEC prices and prevent cheap imports disrupting the Community market.

The Davignon measures are having an effect to the extent that they apply to strip steel which can form up to 70 per cent of the cost of welded tube.

There have been continued complaints from British manufacturers about low priced imports which have been particularly acute in certain sectors. But the tubes stockholders have weathered the international recession well with a number of companies strengthening their position.

Margins have been squeezed for the stockholders but volume has been helped by the decisions of many steel users to take advantage of specialists rather than buying direct from the mills. The pressure upon cashflow that followed the economic downturn after 1974 forced many companies, especially the medium-sized ones, to re-assess their steel purchasing policies.

Many finance directors took the view it was better to reduce working capital requirements by cutting in-house steel stocks and buying from the stockholder. Some members of the industry dispute such arguments, pointing out that a time of depressed demand the mills might be more willing to handle smaller orders and specialist requirements.

Against this, stockholders, by batching orders, can offer steel producers the economies that flow from longer production runs. Such benefits are important at a time when much of the European tubes industry is working at less than 80 per cent capacity and new plant continues to come on stream in various parts of the world almost on a daily basis.

Given the pressure upon margins, stockholders are seeking to improve their position through greater efficiency. Companies are investing in modern facilities and more sophisticated handling techniques in order to cut costs.

Competition is not just on price but more and more on quality and service. Stockholders will tend to offer a more comprehensive service, cutting tube to length and reducing the investment users have to make in equipment, manpower and storage facilities.

One way in which stockholders can enhance profitability in difficult times is to increase fitting services—the provision of valves, flanges, and other specialist requirements.

An example of the need for continued investment in tubes facilities is supplied by one of the giants among the manufacturers, the British Steel Corporation. Ironically, it is at Corby where 6,000 jobs are threatened by the State corporation's plans to end steelmaking, that around £45m has been earmarked for improving the tubes mills.

Corby is the main centre for British Steel's tubes production and investment has been maintained in recent years to ensure the mills comply with modern requirements.

The proposed cuts at Corby are directed not against the tubes finishing operation but at local steel manufacture. Iron and steel production at Corby cannot match world competition in price largely because of the use of locally-dug ore which has an iron content often only half that of imported ores.

Availability of the more productive foreign ore gives the advantage to coastal steelworks and it is planned to feed the Corby tubeworks with steel from Lackenby, on Teesside. Some internal British Steel estimates suggest savings could amount to something like £40m in an average year.

Few companies expect any significant upturn in UK demand for tubes in the foreseeable future, but there is some optimism among stockholders that they will continue to increase their share of the available trade.

Demand from the oil and chemical industries is expected to remain depressed. Worldwide moves to promote energy conservation must inevitably hold back requirements for new refineries and downstream facilities.

The more general engineering applications for tubes, whether for the automotive, mechanical handling or hydraulics sectors, will also be restrained by the sluggishness of the international economy.

Mr. Richard Wootten, director, UK sales and service of the steel tubes division of Tube Investments, says: "Ignoring any exceptional external market forces, such as a big order for the Western world from the Soviet Union or China, we do not anticipate any major change in demand for 1979 either in tubes or pipes."

As if to underline such caution, TI Markland, a member of the Tube Investments group and one of the country's biggest steel tubes stockholders, has announced plans to shut one of its two warehouses. The Wigan site, with around 100 workers, will be closed towards the end of this year in order to concentrate resources at Bolton.

TI Markland insists the move does not involve any cutback in business but merely acknowledges that surplus capacity available for some time could not be used profitably.

Mr. George Glassbrook, managing director of the steel tubes division of C. Walker and Sons and chairman of the marketing committee of the National Association of Steel Stockholders, takes a similarly realistic view of the future: "Markets in general are likely to remain flat," he says.

The hope among the tubes stockholders is that the specialist services they can offer will bring an increased share of trade even against a generally gloomy business outlook.

Arthur Smith

Interest in new products

ALTHOUGH STEEL *stock holding is not a naturally innovative industry, its future development could well depend on the arrival of new products and how it processes them.*

Many new products are already in use—but there are others, particularly in the U.S., whose full development in Britain may not be possible until after there is a recovery in the economy.

The biggest growth area in the next few years is likely to be in structural hollow sections. They have proved strong enough to support the hangar roof of a Boeing 747, and are more pleasing to the eye than the more familiar H beams. They are cheaper to paint, having only four surfaces, compared with the H beam's eight, and they can act as ducts for wires and pipes.

Uses range from building (it is frequently seen in new petrol stations) to furniture. The market last year reached between 150,000 and 200,000 tons, although, as one smaller *specialist stockholder lamented,* a quarter of this had been imported, mainly from Belgium and Italy.

In addition to rectangular tubes, hexagonal shapes have also been introduced, though the difference seems to be aesthetic rather than functional.

The other main growth product will be the coated sheet steel, in particular the Colorcoat and Stelvetite produced by the British Steel Corporation at Shotton (whose second coating plant will be commissioned later this month).

Colorcoat has been around for about 10 years and is becoming a common feature of external walls. It is maintenance free for 10 years or more and, since its appearance does not weather, walls can be extended with it without worrying about an overall repaint.

Advantage

Unlike asbestos, it is not brittle and has also been accepted by town planning officials who have turned down galvanised steel sheeting for *outer walls.*

Colorcoat's most varied use could be in lighter industries, furniture, domestic appliances and automobiles. Given a realistic and lasting woodgrain, *it can replace timber—and is* often more versatile. It can also be treated to look like leather.

Stockholders have to handle and store it carefully, and there also has to be consistency of colour. Despite the difficulties, some major companies have taken the *first step* towards incorporating Colorcoat sheet into their white goods. Hoover, for example, has tried out Colorcoat door panels on washing machines and other appliances. It says it is interested in developing it further, although it is still not ready to use it for the entire shell of its products.

Mr. Norman Richards, managing director of GKN Steelstock, *the country's leading* steel stockholder, said that in the next 12 months he expected many other white goods manufacturers to turn to Colorcoat. However, industry sources also say that as organically coated strip requires very high quality tools to cut it cleanly, its full potential may not be realised until the re-equipment of British industry has made a lot more progress.

Stainless steel tubing—for central heating and domestic water supplies—is the third major new product being handled by stockholders. This is due not only to the high cost of copper *but also, stockholders* claim, to the discovery that plastic pipes are not the ideal substitute. Plumbers, too, are said to be less averse to handling steel than they used to be. Brewing, catering and the frozen foods trades are other users of stainless steel piping.

Side by side with the new products, the British stockholder has had to do a greater amount of pre-production processing and, according to GKN Steelstock's Norman Richards, has become the most efficient in the world.

In America, stockholders' operating margins are ten per cent higher than in the UK but they end up with the same pre-tax net profits.

A lot of the pre-production processing was thrust on the British stockholder because the steel producers now make far longer runs of steel and leave the stockholder to decoil, slit *and cut it to length as required* by the customers.

Although stockholders are not eager to develop their own design capability, the dividing line is often blurred. They can *produce components "cropped"* and sprayed and ready to go into a building. They will provide angle irons for a ring fence ready (except for painting) to drive into the ground—with a bent top, "cropped" spike and holes for the fence's wiring.

Similarly, it will be the stockholders, rather than the steel makers, who will be responsible for "producing" two other products now available in the U.S. but still virtually unseen here. Both will involve pre-production processes by the stockholders.

One is the rigidising of steel: the stockholder stamps an embossed pattern on to the steel *by putting it through rollers*—the steel emerges thinner but stronger. So far, only one company, *in Sheffield, is known* to be doing this in Britain.

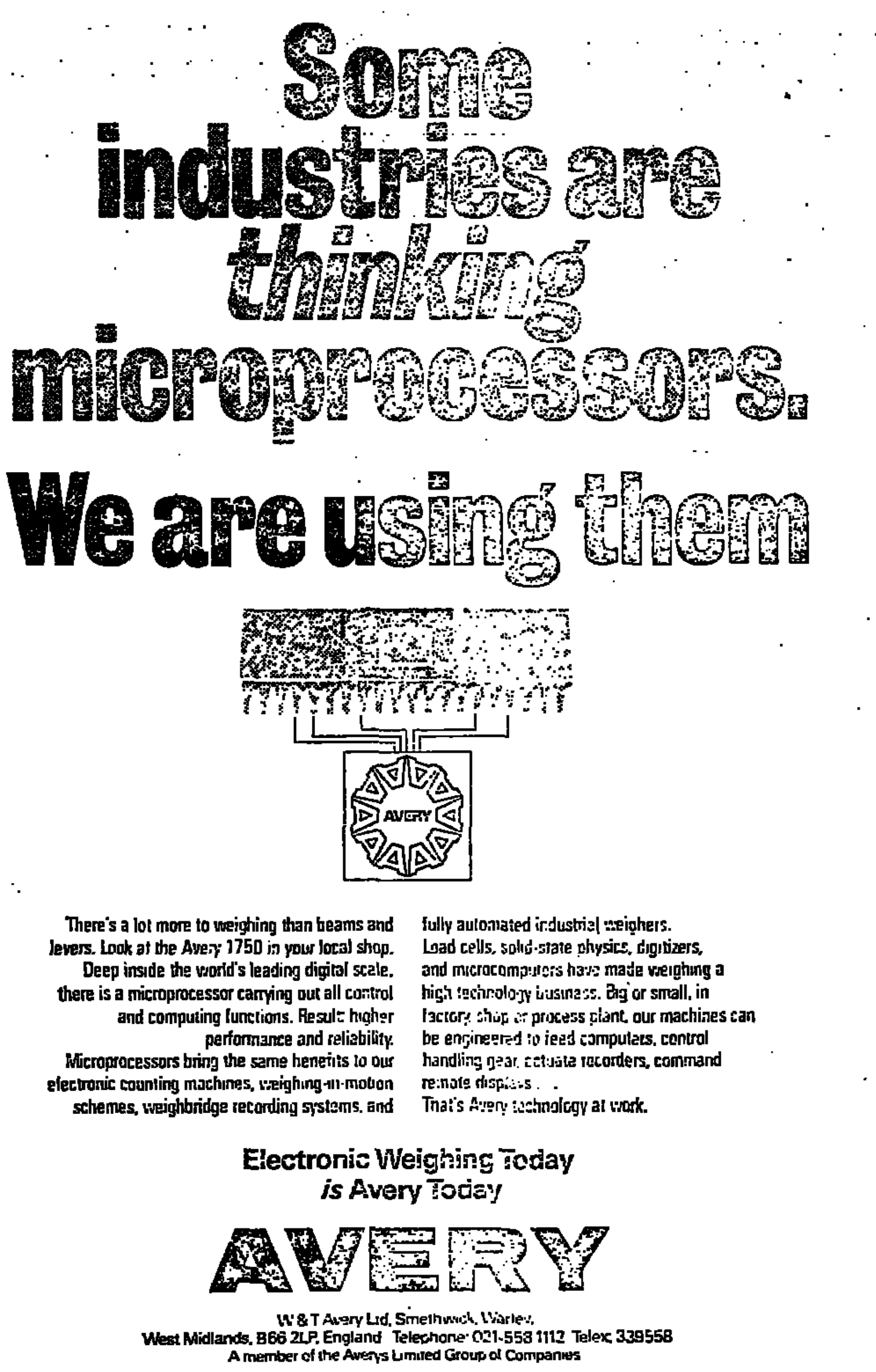
Deadened steel—the bonding together of sheet to reduce noise levels—is another process which stockholders could perform. In the U.S., deadened steel is being put into factory structures to comply with health regulations on noise levels.

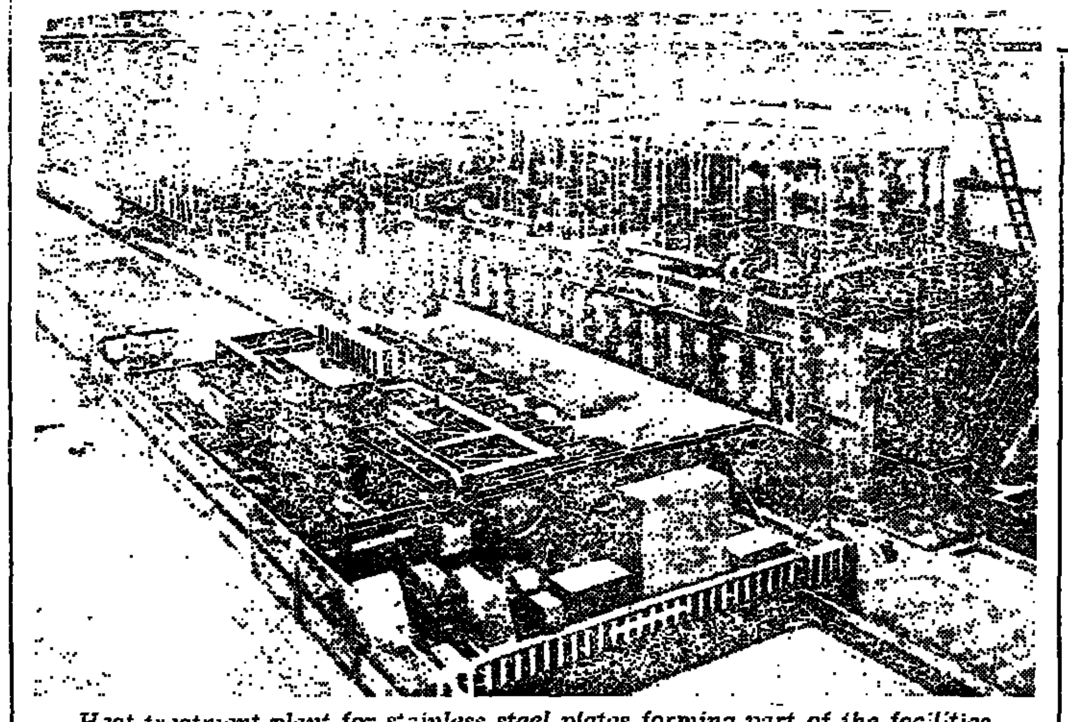
There are, of course, strict limits to this trend. While stockholders cut sheets to length they do not encroach on actual production by shaping it to the customers' needs. They also do *it as much for their own benefit* as for the steel maker and the customer—they reduce waste and get more out of their workforce.

Since 1974, UK stockholders *have had sufficient equipment* to decoil every ton of strip steel produced by the British Steel Corporation, although a decade earlier very few of them had a decoiling machine. The GKN Steelstock plant at Wambourne can decoil 1,000 tons of strip a day.

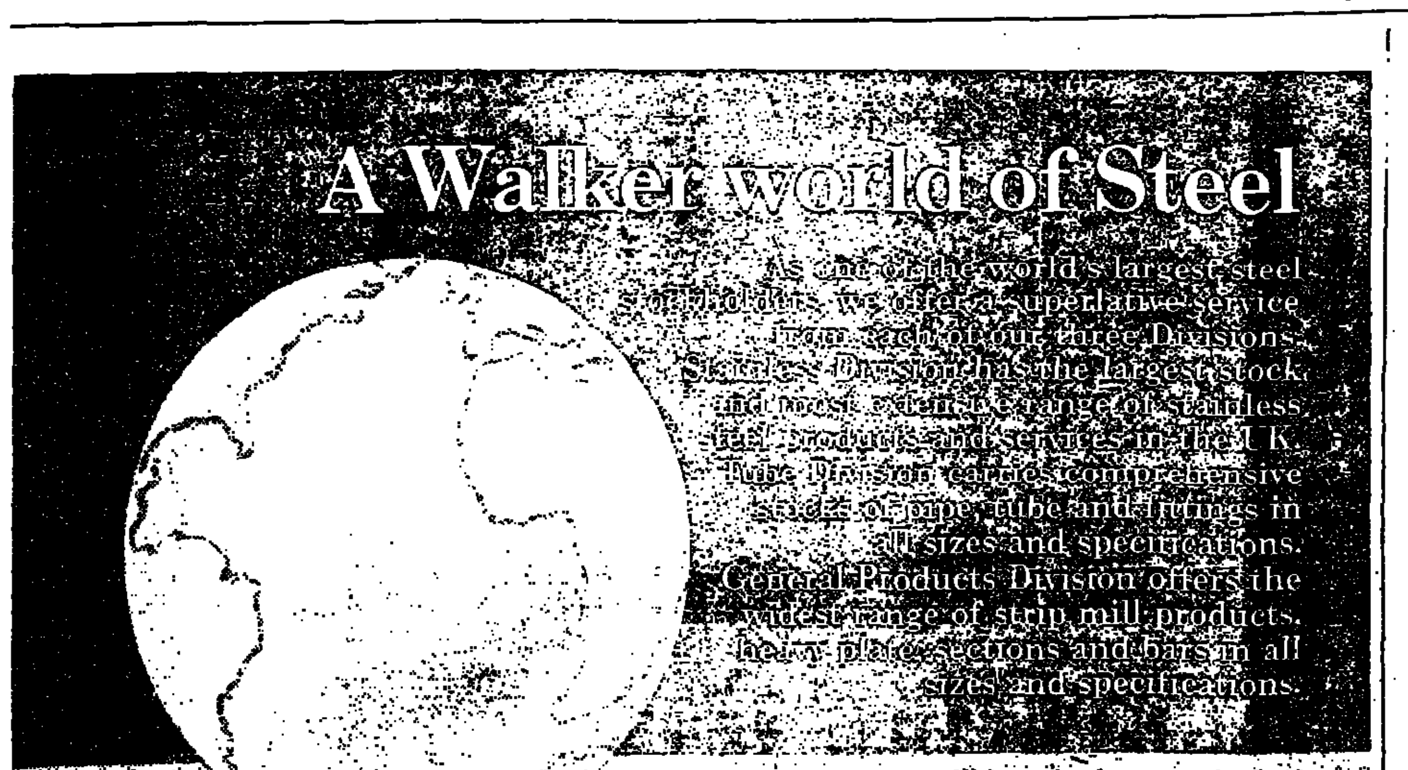
This is a capacity not enjoyed by stockholders in other European countries, where the price difference between coiled and cut sheets are less dramatic. It is a further sign of the British stockholders' to cope with all the business that comes their way.

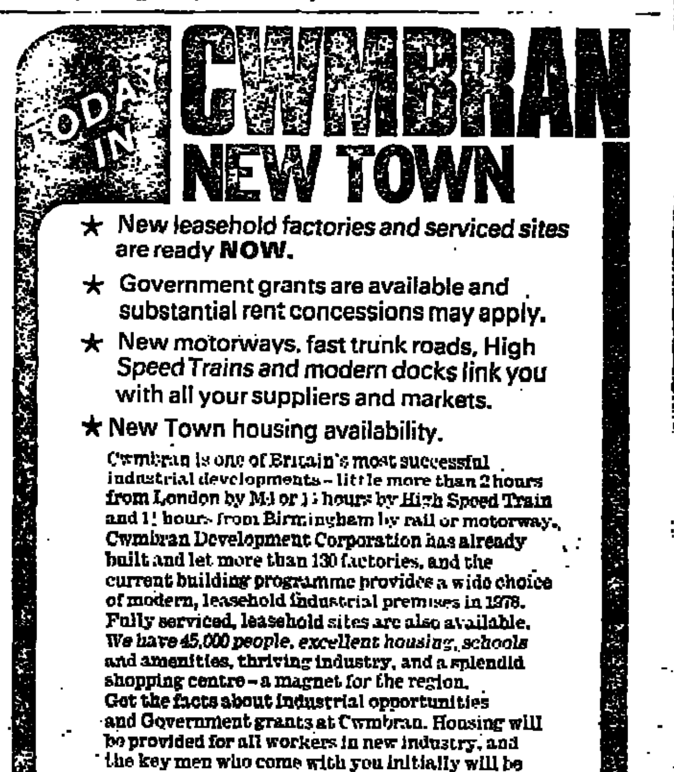
Maurice Samuelson





Heat treatment plant for stainless steel plates forming part of the facilities at the Shepcote Lane, Sheffield, works of BSC Stainless





THE ARTS

Anne Conoley, Alan Opie and Anne Collins

Coliseum

The Nose

by MAX LOPPERT

The New Opera Company, in association with English National Opera, has revived its 1973 production of Shostakovich's *The Nose*. Conducting the first three of the four performances, Maxim Shostakovich, the composer's distinguished son, makes his British début in opera (his world debut, as it happens, though one would never know it). There are several reasons for urging a visit to the Coliseum. The performance, for one: the staging, by Anthony Besch in the marvellously witty designs of Peter Rice (even better than one had remembered), was on Wednesday not quite finished in every detail, yet it shows the work of this team on its very highest level. The singing and orchestral playing are confident, spirited, and mostly of high accomplishment. And above all, the work itself—though it has its rough edges. *The Nose* seems to me not only a brilliantly imaginative operatic comedy, but a poetic and disturbing one, fully alive to the alarming implications of the Gogol story on which it is based, and realised in music that bears the marks of youthful genius.

The Nose is many things. It is the most memorable musical expression of the pre-Stalin Soviet avant garde, and a bubbling brew of surreal farce that tells keenly on the levels of social satire and psychosexual fantasy. One should not insist too forcefully on the serious underside to the piece, for what remains uppermost in the memory is the feeling of ebullient energy, of uncorked, fizzing creativity that Shostakovich poured into the musical manufacture.

It is, for most of its length, such an *enjoyable* opera to listen to. The orchestra is a veritable minefield of invention and inventiveness, and the explosions, whether they be the loud kind made by the percussion interlude that sets off the lunatic chase for Major Kovalyov's errant nose, or the quieter, sardonic kind offered by woodwind commentary, a sudden desperate haze of high strings, or the coarse gurgling of trombone and tuba, are for the most part pointed and pungent in their dramatic intention. The vocal writing, with its variety of manic high tenors, grunting basses, and chorus activity apt to be stirred up into sudden cross-rhythmic frenzy, goes beyond simple ingenuity. The work "was composed in merriment," the composer said, and his music richly confirms the statement.

But Mr. Besch and Mr. Rice demonstrate their keen awareness of the nightmare behind the farce, in Gogol and in Shostakovich; the performance reflects the unsettling aspects of the work in a way that lends depth and resonance to the experience. Gogol entitled the first draft of his story *The Dream*, though finally it became *The Nose*. In contrasts of bright colour and grey, producer and designer have created a dream framework for the opera. In the slide projections accompanying the instrumental interludes, Mr. Rice's iconography of St. Petersburg develops the kind of nasal emphasis, and then the kind of dream confusion among nose and other anatomical projections, that subtly and brilliantly evokes the theme of sexual inadequacy. This is not just a producer's or a designer's gloss. The opera moves to the pace of a dream—in bursts of mad activity, interspersed by longer periods when a kind of passivity and floating melancholy seems to settle on the action. At these points we hear the sounds of Shostakovich the future epic symphonist; but it seems to me acutely perceptive to interpret them here in terms of psychological anxiety.

If the effect in such passages (Kovalyov's monologues of mourning the loss of his nose notable among them) is of an apparent slackening of pace, especially in the first two acts, that can be ascribed partly to the composer's occasional miscalculation of timing, and partly to the size of the theatre. The score sacrifices some of its mordancy to the Coliseum pit and acoustics; Edward Downes' translation is less consistently audible than it was at Sadler's Wells; the problems of projection are not solved by every member of the large cast.

Even so, the essence of the production is very much on the right lines—an admirable achievement. Sets change quickly (a bit too quickly for the stagehands last night). Chorus and small part players have been surely prepared. Alan Opie repeats his vivid 1973 portrayal of Kovalyov, John Winfield his hilarious *haute-contre* Police Inspector. John Tomlinson and Anne Collins in several roles have the clearest words, and tone that cuts into the auditorium. Ensemble between stage and pit is secure in an opera laden with potential pitfalls. In sum, a revival to seek out: 20th-century operas that are both fun and provocative don't grow on trees.

Warehouse

The Merchant of Venice

The arrival at the Warehouse of the Royal Shakespeare's intimate *Merchant* completes a Shakespearean threesome that should remain in our minds for a very long time as one of the peaks in their chronicle.

John Barton's production is noticeably slanted in favour of Shylock. Patrick Stewart does all he can, against the handicap of Shakespeare's lines, to make him a likeable man. He dislikes the Christians as much as they dislike him; but when dealing with them he uses a quality of courtesy that goes beyond hypocrisy. In the trial scene, the most exciting I can remember, he believes in the justice of his case, and only loses his courtesy when he realises that everyone from the Duke downwards is anxious to deprive him of his judgment. He even accepts the vicious punishments inflicted on him *with some show of even temper*, though the laughter with which he leaves the court may well be the beginning of insanity.

On the other side, we have a graceless Antonio from David Bradley, harsh of voice and self-centred in manner; and a bunch of young Venetian layabouts whose vulgar and noisy high spirits is beyond bearing. Gratiano (John Bowe) is their intolerable leader, a man whose loudmouthed crudity would stand out in a West Ham football crowd; but they are all willing to go along with him in their rowdy fun. Only Lorenzo (Paul Whitworth) displays the instincts of gentility; he and Avril Carson's Jessica make a magical thing of their scene together in the last act.

Our sympathies are brought over to the side where they are supposed to be by a very fine Portia from Lisa Harrow. Miss Harrow is an actress of radiant beauty; but beyond that, there is an elegance and dignity in her movements that are doubly appealing against the totally bare set, surrounded by the audience on all four sides. She speaks the lines to perfection, with poetry and humour, never losing her patience with the prolix Prince of Morocco, or her courtesy to the vengeful Shylock. "The quality of mercy" could not be more persuasively spoken. I was sorry she had to marry Bassanio, who is, after all, a selfish and deceitful young man, and is given little compensating charm by John Nettles.

At the foot of the social scale is Hilton McRae's Launcelot Gobbo, an effervescent comic who can make the most of even the worst jokes, and besides that can accompany his singing on the lute and even play a couple of chords on the accordion to add an appropriately plebeian sound. Bassanio never gives him a "rare new livery:" he gets a red waistcoat, but has to continue with Shylock's cast-off trousers; but at least he is persuaded to give up his battered topper. As in the two comedies now at the Aldwych, this servant tends to take over the company; when you have a wholly likeable character, after all, it's a pity not to bring him on, even if there are no words for him.

Nerissa is never a servant, more a lady-in-waiting, and Diana Berriman keeps Portia worthy company, save when at the end of the trial she thrusts her law-books very brusquely into Gratiano's arms. Among the smaller parts, I thought Tory Church's monocled Tubal uncommonly interesting, perhaps another of Mr. Barton's notions to direct our sympathy toward the Venice Jewish community.

The costumes (Christopher Morley) are of our own time, more or less, but there never was a production in which the costumes mattered less, save for the elegant black mourning dresses worn by Portia and Nerissa, which suggest that Portia was "richly left" quite recently. James Walker has provided charming music, not only for a small offstage band, but using *bouches closes* sounds from the actors on the stage in a delightful way.

B. A. YOUNG

Cinema

A Western all shook up

by NIGEL ANDREWS

Comes A Horseman (AA) London Pavilion
Movie Movie (A) Classic Haymarket
The Hardcore Life (X) Warner West End

Not being duty-bound like me to keep a weather-eye on movie trends, you may not have noticed that the Western has disappeared. For many years now, the urban violence of the cops-and-robbers film has been creeping across our screens, eating up the space that used to be reserved for gunfights at the OK Corral, stagecoaches being pursued by Indians and John Wayne sitting astride his horse like a monument on Patience.

Alan J. Pakula's fascinating *Comes A Horseman* looks like a Western for most of its 118 minutes, but is actually set in 1945. Its tale of a feud between a farmsteader and a cattle baron is the very stuff of which Westerns used to be made; and cameraman Gordon Willis has photographed the lush green Montana valleys with a panoramic beauty unequalled since John Ford.

But this is a Western and not a Western. The date in which the film is set hardly affects the look of the Old Frontier—which is brimful of all the usual icons, like shotguns, cattle round-ups and cowboy hats—but the tone and context have been jolted, as if by a tremor of time. Two world wars and irrevocable strides in social and material evolution have rendered the cowboy, once a key figure in Western life and lore, to a dolefully romantic anachronism.

James Caan is the anachronism in question here. In *Comes A Horseman* he lends his freelance cowboy skills to cattle-farmer Jane Fonda, who since her father died has been trying to run her sprawling estate alone. Jason Robards, a nasty, white-bearded cattle baron, is eager to take her farm from her. And just to show that there is dishonour among thieves, the film throws in a clutch of shady oil prospectors, breathing down Robard's neck waiting to grab the land from him if they can't grab it first from her.

If this story had been set seventy years earlier and been a "real" Western—with Barbara Stanwyck, let us say, as the lady rancher and James Stewart offering his dither and drawl as the heroic-but-doesn't-seem-to-be cowboy—we could all have sat back and watched 90 minutes of simple Good versus Evil. But in *Comes A Horseman* director Alan J. Pakula, who made *Klute* and *All The President's Men*, and writer Dennis Lynton Clark have gone for something more shadowy, complex and "modern." There are shades of Gothic, not to say Freudian neurosis both in the story and in the staging. (A doll's house in Fonda's attic looms large as a troubled symbol of childhood.) And the biggest whiff of modernism is in the film's feminist slant. Jane Fonda's instinctive, four-square courage, emotions running like an undertow beneath that stoic, strong-jawed face, is allowed to upstage both James Caan's dithery cowboy and Jason Robards' more-plotted-against-than-plotting villain.

What does this film of bright ideas, subtle reversals, Gothic fragments and occasional shafts of panoramic Western beauty add up to? A mess; but a fascinating one. The Western is too strong a genre to vanish from our screens forever, and Pakula's is a brave attempt to shake up its conventions and reassemble them into a more 20th century shape. The attempt doesn't quite come off—there is too much shaking up, *too little reassemblage*—but the wide screen and epic values strike a fond and moving chord one had almost forgotten. This mustn't be the last attempt at resuscitation: least of all by Pakula.

*

Movie Movie is the oddest piece of encrusted flotsam yet washed to shore on the cinema's Nostalgia Wave. Stanley Donen directed this cinematic two-hander, in which a brace of spoof-Hollywood stories are yoked together offering a Siamese-twin version of the old "double-feature" programme.

For the second and better of the two stories Donen, veteran director of *On The Town* and *Singin' In The Rain*, has gone back to his roots in the post-war Hollywood musical and produced an all-colour pastiche—arch and brilliant in roughly equal proportions—in which George C. Scott, Trish Van Devere, Red Buttons, Eli Wallach and others go through their song-and-dance paces. Preceding this is an equally affectionate Hollywood mickey-take, shot in black and white and called *Dynamite Hands*, which reaches back to the Warner Brothers poverty-row movies of the '40s in its rags-to-riches story of a young boxer.

The same stars recur in both films. Scott doubles as boxing manager and theatre impresario, Miss Van Devere (in real life Mrs. Scott) doubles as boxer's girlfriend and temperamental singing star, and Buttons and Wallach offer two-fold studies in, respectively, sweet-natured energy and oleaginous villainy.

Confused? You won't be after seeing the film. Once you have grasped the gimmick, there is no overabundance of artistic complexity, a not-too-deterrent quantity of winsomeness and a *surprising* amount of sheer charm. *Movie Movie* may be froth, but it is high-calibre froth: especially in the musical section. If you want to know why many film critics—not least *this one—bow down in humble* worship before Stanley Donen's '50s MGM musicals as the highest examples of their genre, look at his expertise here. With the twofold handicap of a daft *story* and a *none-too-musical* star cast, Donen cuts some dazzling visual and rhythmic capers. Modern musical directors, please watch, learn and inwardly digest. Others among you, please see and enjoy.

George C. Scott once again. *The Hardcore Life* is directed by Paul Schrader, who wrote *Taxi Driver* and wrote and directed *Blue Collar*, and stars Mr. Scott as a Bible-clutching Calvinist from the Midwest. When Mr. Scott's teenage daughter "disappears" one day, *during a group outing to* San Francisco, he hires a private detective to find her. The said sleuth being Peter Boyle, huge, mean and hardboiled, the revelations when they come are not too sweet. Mr. Scott's daughter has been swallowed up in the West Coast porno industry. Mr. Scott, after a momentary pause to register aghastness, strides off manfully into the jungle of iniquity to find her. And now read on. . . .

Is it a comedy? Is it a thriller? Is it an Apocalyptic Moral Fable for our Times? Mostly the last of the three, I fear. Paul Schrader's fondness for sky-writing Doomsday messages across the screen came over fairly strong in *Taxi Driver* and *Blue Collar*, and here it leaps out and grabs you by the throat. The film takes an inherently comic and hyperbolic opposition—the buffy Puritan versus the laid-back Hedonists and Cynics—and tries to sledgehammer us with the moral seriousness of it all. The result is two hours of creaking contrivance, rendered dubious as well as dramatically clumsy by a suspicion that Schrader is catering to the very tastes that his "hero" is fighting. The scenes in LA and San Francisco have a seamy exoticism for which Schrader himself clearly has a sneaking relish. But don't all rush to the box office at once. The film is long on suggestion, short on explicitness; and even judged as an up-market porno film *The Hardcore Life* is a disappointment.

Back in the 'thirties—George C. Scott takes it lying down in a scene from "Movie Movie"

Purcell Room/Elizabeth Hall

EBF new music

Gone are the days when Lina Lalandi's English Bach Festival provided a veritable feast of new and recent music mixed with its Baroque fare, fresh as mint, regular as clockwork, once a year in London and Oxford. The EBF this year has reduced its commitment to contemporary music to two concerts, both given consecutively on the same evening last Wednesday; and perhaps indeed the festival's contemporary grip, as well as its commitment, is slipping—for they made together a long, and as it turned out an exceptionally uninvigorating, *sequence*.

Both programmes were dedicated to the music of the same four composers (an interesting chance taken, or just trouble avoided ?)—Britten, Skalkottas, *Ligeti and Nigel Osborne*. The better of the Britten performances, of the Phantasy Quartet op. 2 by Sarah Francis and the Cummings Trio, was decent enough; the Dartington Quartet's account of the third string quartet was dry, hard-edged, unindulgent, and not especially well tuned.

Ligeti's *Ten Pieces for Wind Quintet* of 1968 are by now quite well known, and a pleasure to hear again; but the first public performance by Rohan de Saram of a Cello Sonata of 1948-53 introduced us to a jolly, very early and uncharacteristic solo essay seven minutes long, an agreeable but hardly a significant find.

And then there was Nikos Skalkottas (1904-49)—that industrous Greek pupil of Schoenberg whose opus of some 170 works we never seem, though we try hard enough, quite to hear the end of. His third string quartet, played by the Dartington, is a clever, almost entirely desiccated, exercise in 12-tone techniques, admirable only for its formal organisation *but in its terms of reference* and musical instincts dry as dust. Afterwards, Marika Papaioannou played the andante slow movement from Skalkottas' third piano concerto—*which is, according to our pro*gramme note, "probably the longest concerto ever written by any composer." Its andante is probably also the longest slow movement of any concerto ever written by any composer; and it is also by a long way certainly the most dour and tedious.

Best, for their vivaciousness, unpretentiousness, and above all their brevity, were two *pieces by Nigel Osborne (born* 1948)—a little *Quasi una Fantasia* for solo cello, barely eight minutes long, specially commissioned for the occasion; and the first London performance of a *Prelude and Fugue* for four strings, four wind, piano and percussion, nicely humorous, and in spite of its title quite unacademic in resonance, full of busy, exuberant movements, intriguing meetings and combinations.

DOMINIC GILL

Piccadilly

The French have a song for it

One thing the Entente Cordiale never achieved was to bring together the very different musical traditions of Britain and France. Even in the past 20 years, when the entire world from Germany to Japan lapped up the Liverpool Sound, and the UK pop industry, the French market remained obstinately unimpressed. *The French have a song for it* goes one way in bridging the gap, gathering in around 60 French songs for our closer inspection. It is a foolhardy project.

The French popular song is often self-consciously poetic, given to declaiming about life rather than rhyming *Juin* with *lune*. This can lead to pretty heavy posturing and some of the composers featuring heavily in the show, especially Léo Ferré, can fade quickly from my memory. But when the dramas work they unveil a tradition quite alien to us but impressive all the same. *In the Street* and *In St. Lazaire*, by Aristine Bruant, using language ensuring a permanent BBC ban, treat low *life effectively, and The Married Couple* is beautifully anti-romantic. There is also some effective bluster in the section devoted to Songs of Protest—when the French aren't revolting they are writing about it.

It is safer to comment on the songs than the performances because this Peter Reeves concoction rather skimps on production values. Apart from wine (and smashed glasses) in the stalls, and an accordian in the foyer, there is little attempt to project a French atmosphere on stage, just Reeves himself and Stephen Tate, plus a trio of Helen Shapiro, Amanda Barrie, and Sonja Kristina, wandering on and, all too often wandering off again smartish. Miss Shapiro grabs the best numbers but fails *to make Piaf's No Regrets* work, probably because the English words are banal: it should have been done in French. In the main Peter Reeves has handled the translations well, and I was happy to meet some new and very good songs, but the mild performances jar against the bitter lyrics. More French mustard is needed.

ANTONY THORNCROFT

ICA Theatre

The Hitchhiker's Guide . . .

Ken Campbell's last production at the ICA, *The Warp*, lasted for 20 hours. *The Hitchhiker's Guide to the Galaxy*, an extraordinary adaptation of a recent Radio 4 serial by Douglas Adams, runs for barely 90 minutes but is just as adventurous and, in its "Rough Theatre" *mood and linguistic élan*, just as typical of Mr. Campbell, who remains the British Theatre's most original, carefree and under-appreciated talent.

We begin in the bar, where Arthur's house is about to be demolished to make way for an inter-galactic highway. Accompanied by his old friend Ford Prefect (Richard Hope), who has been commissioned to bring the Guide up to date, Arthur stops off at his local for a few last pints of beer before the end of the world. We then follow them into space and the theatre. *The audience is seated* on a scaffolded auditorium that actually *floats* around the ICA on 12 metal air skates, each of them containing an inflatable diaphragm. *Once the skates are* pumped full of compressed air, stagehands push us around at a height of 1/2000th of an inch off the ground! (This invention from Rolair, has been used previously *for moving machine* tools.)

Once again, Mr. Campbell finds the idea of a quest best suited to his idiosyncratic theatrical style. Bringing the *guide up to date soon turns* into a search for the ultimate question, to which the answer is 42. The Vogons, led by a sort of green-faced Mighty Mekon, are behind this universal upheaval and it is not long before Arthur and Ford are subjected to their first trial at Vogon hands: a reading of the leader's ghastly poetry. They survive but are pushed through an air lock into the galaxy where they are rescued by another planet and helped in their endeavours by the head of yet another planet, a strange megalomaniac (Neil Cunningham) who received an *award for designing Norway*; he had endless fun doing the fiddly bits round the fjords.

On the way we meet a two-headed spaceman known to Arthur from his Earth days as Clive; a slinky temptress in skin-hugging rubber (Sue Jones-Davies); the computer, Deep Thought, who created the Universe; and a silver-laquered paranoid android with a forlornly croaking voice-box *(Russell Denton)*. *Chris Lang*ham is marvellous as Arthur tripping through space in his badminton shorts and encountering each new revelation with such quizzically reflective comments as, when he finds himself ensconced in a deckchair: "If this is Southend then there's something extremely odd about it." Linking, offbeat narration is provided by a couple of microphoned glitter girls. A real treat of an evening.

MICHAEL COVENEY

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Sterling in context

THE STRONG and reportedly political rise in sterling yesterday delivered a sharp reminder, if any were needed, that the foreign exchange markets will pose a problem which the incoming government may have to tackle as a matter of urgency. The rise in the currency may look at first sight like a welcome symptom of a welcome problem; it arises from the fact that, viewed from outside, London looks about the most attractive financial market in an increasingly worried and depressed world. Values are rising on the hope of better-balanced financial policies, and the rise in sterling helps to check inflation.

Dangers

However, one can have too much of a good thing; and when sterling is measured not just against the dollar which is itself relatively strong, or even the trade-weighted average, but against the falling values of the trading currencies of our most formidable competitors, Germany and Japan, the dangers are self-evident.

These problems must not be overstated. Industry has become accustomed to the prospect of an exchange rate which is uncomfortably high, accepting that the check to inflation is worth buying at the cost of some competitive discomfort; but when margins are fine, it becomes all the more necessary to avoid sudden, unforeseen lurches.

The essence of the problem, then, is not so much the level of the exchange rate as its instability—in short, the problem shared by many other countries of devising suitable policies for a world in which exchange rate movements may be dominated not by trends in trade or competitiveness, but by large capital movements.

A particular problem which has emerged in recent months, not least for sterling, is the tendency for currencies suffering above-average inflation, and consequently high interest rates, to attract capital inflows. The consequent move in the exchange rate greatly reinforces the deflationary effect of tight credit; but it is not being offset by any expansive effect in the countries where inflation and interest rates are relatively low. For the moment, they are taking the opportunity to tighten monetary policies which have been seen as too permissive.

For the UK instability has been intensified by the persistence of exchange policies left over from pre-North Sea days.

The case for relaxing exchange controls now appears to be established in Whitehall; the only issue is whether to proceed with "glacial majesty," as Mr. Denis Healey prefers, or with "proper caution," which is Sir Geoffrey Howe's formulation. Either way, the results in the short term are unlikely to be dramatic: the attractions which bring foreign investors to London may not look quite so winning to the jaundiced British eye, but there is no very powerful counter-attraction. Even the outflow to finance direct investment may be sluggish in what threatens to be a worldwide recession.

Some City interests have been lobbying for a revived role for sterling in international finance—both banking accommodation for third-country trade, and a Eurosterling presence in the international bond market. There is certainly an irony in the fact that the Bank of England, which is notably sceptical about proposals to control international markets in other countries, has resolutely and successfully opposed any development of the kind in sterling. But to change course too drastically now would not only run counter to our wish to wind down the reserve role of sterling, but to the growing pressure from Bonn and Washington for tighter restriction of the Euromarkets. Again, the choice seems to lie between glacial majesty and proper caution.

EMS option

If such measures prove inadequate, there remains the possibility of official participation in the market. The fact that the April reserve figures showed net intervention of some £350m shows that this is not quite rigidly ruled out even now: and for the longer term, some renewed interest is being shown in the European Monetary System, in which intervention is not merely allowed, but obligatory.

The system is still, of course, in its very early stages; it has already generated substantial capital flow which have been offset, but is only now encountering its first problems with a currency, the Belgian franc, at its limits. Membership means a sharp re-education in monetary perceptions (domestic credit rather than liquidity becomes the key indicator), and is expected to involve small but not too reluctant shifts in parity; but if it stands the strains of the coming months, its attractions will be compelling.

Pressures on South Africa

IT HAS been argued that if anything finally cracks South Africa's apartheid system it is more likely to be internal economic strain than external political pressure. This week's proposals for the reform of the country's trade union system, in favour of black workers, stem from a combination of both. The report by the Wiehahn Commission stresses that foreign opinions and practices are not relevant to South Africa's unique position. But it accepts that they must be taken into acount. Indeed, one of the report's main aims appears to be to try and set up a system tailored to what it sees as the country's special needs before pressure to set up normal Western-style trade unions becomes overwhelming.

Sanctions

Certainly, the external pressures are mounting. On the specific issue of labour legislation, the country is coming under pressure from the ILO and trade unions in other parts of the world; most notably the UK. Companies doing business in or with South Africa are also increasingly subscribing to codes of conduct that cover the way workers are paid and treated. At political level, moves in the United Nations for economic sanctions against South Africa are likely to grow ever more insistent.

The latest proposals are not, of course, goin go be enough to alleviate that pressure. At first sight, the Wiehahn recommendations look good in theory. The Government has already announced that it will introduce legislation to implement two of the Commission's major proposals—the registration of black trade unions and the scrapping of the principle of statutory racial job reservation. The first would give black trade unions the same legal status as white trade unions—enabling them to bargain with employers over wage levels instead of simply being told what they are to be paid by white managements. It seems likely that right of individual black workers to employment protection will also be strengthened by the establishment of a new industrial court.

There are, however, important limitations. In the first place, registration of black trade unions brings restrictions as well as privileges—they will not, for example, be allowed to indulge in political activities. The ending of the principle of statutory racial job reservation sounds good, but in practice very few workers are still affected by it. There are major exceptions to the planned new regime. Migrant workers, almost a third of the black labour force, are not to be included and there will be no move to outlaw the closed shop, which is used by white trade unions, as the most widespread form of job discrimination in industry. A number of uncertainties also remain over the details of the new legislation—it is not clear, for example, whether mixed unions including all the country's races will be permitted. Equally unclear is the extent to which white unions and employers will be prepared to implement the new rules with good will.

One of the main consequences of the reform, as it now looks, would be to transfer responsibility for imposing apartheid at work from the Government to white trade unions, who are likely for instance, to continue to oppose the offering of apprenticeships to black workers. Important parallel proposals covering freedom of movement for blacks have yet to be published. And even if blacks were given full legal equality with whites, the country's overall labour laws would remain restrictive by normal Western standards—the right to strike, even for whites, is not fully protected.

Management

But the longer term consequences may be significant. The new legislation could turn out to be the thin end of the wedge. Certainly, management will now be encouraged to press its demands for more blacks to take on skilled jobs—the need for which was the main economic impulse behind the Wiehahn proposals. Most importantly, perhaps, this cautious first step demonstrates that South Africa is susceptible to the pressures of international opinion, however vehemently Pretoria may deny it.

What North Sea oil means for the next Government

BY KEVIN DONE, Energy Correspondent

UNIQUELY AMONG the world's major industrialised countries Britain is poised next year to move into an era of self-sufficiency in crude oil supplies. With the support of equally impressive reserves of natural gas and coal, the oil wealth of the North Sea offers the incoming Government an energy portfolio that is the envy of its trading partners.

The opportunities offered by the rapid build-up of Government revenues from the North Sea over the next five years undoubtedly mean that the UK has choices before it that have not been open for a generation. But those opportunities are far more constrained than was realised five years ago, when Mr. Harold Wilson's Labour Government took power. Then the first trickle of North Sea oil was still 13 months away and unthinking talk dealt happily with the visions of a North Sea bonanza.

Five years later it is clear that over the life of the next Government the value of North Sea oil and gas production will rise to more than £10bn a year bringing annual Government oil revenues to more than £5bn a year by 1984. But given the UK's continuing inability to match the output and productivity of its major industrial competitors, it has also become increasingly obvious that this new-found wealth will be used not so much for fuelling future growth as for arresting future decline. The recent rise in the exchange rate aggravates the problem of competitiveness.

The fact that Britain's poor industrial performance places such a constraint on the use of North Sea revenues was one of the few useful items to emerge from last week's non-debate on the UK's future oil wealth.

As bids raised in from all quarters for a slice of the cake Mr. Joel Barnett, the Chief Secretary to the Treasury, entered the argument with a timely reminder that there was no room for euphoria about the UK's economic prospects. "It is essential that we stop thinking of North Sea oil as offering a tax-cutting bonanza or any other kind of bonanza." Unless the UK improved its industrial performance there would very soon be a shortage of resources to meet the numerous demands for cuts in tax, for massive increases in public spending and for expenditure on new energy sources, he said. "All these demands cannot be met from the North Sea. Unless we believe that and act accordingly, whether we put the proceeds into a special fund or not, we will be on the road to disaster."

The national debate on how to use North Sea revenues was over almost before it had started. The Government's White Paper, issued just over a year ago, was hardly an adequate discussion of the subject, although it did achieve its primary aim of avoiding any split in the Labour Party ranks ahead of a General Election. But the discussions that did take place were helpful in a negative way by emphasising what North Sea revenues could not achieve.

Exactly what revenues do finally accrue to the country from the development of North Sea oil and gas will be very dependent on the way world oil prices move over the next 10 years. The Government can have little influence either way on oil prices, but the Department of Energy recognised earlier this year that the UK's main interests lie in holding down oil prices with the aim of stabilising world trade rather than in increasing the dollar value of Britain's oil reserves.

Methods of control

If action to influence crude oil prices is largely outside the Government's scope, however, it still controls the other two methods of regulating the size of its North Sea revenues, namely the extent of the taxtake and the rate at which the oil reserves should be depleted. Major decisions on both these items will be high on the new Government's agenda.

With 12 North Sea oil fields already in production and two more to come on stream this year domestic crude oil output is currently meeting about three-quarters of the UK's needs. Production reached a new peak in February of just over 1.5m barrels a day, putting Britain 13th in the league of the world's oil producers. Three more oil fields—Murchison, Tartan and the UK portion of Statfjord—are due to begin production in 1980. Three other fields—Beatrice, Fulmar and Magnus—were granted development approval last year and two more—Maureen and North Cormorant—have been given the go-ahead by the Department of Energy this year. Development plans have also been submitted recently for another oil field to the east of the Shetland Islands, the North West Hutton Field.

As a result of all these developments the Department of Energy is expecting the UK to produce 80m-90m tonnes of crude oil this year, building up to self-sufficiency at 90m-110m tonnes in 1980. In the early 1980s the UK could be producing a substantial surplus of crude oil for export with output reaching a peak of more than 130m tonnes in 1983-84. Last year the UK's consumption of oil products reached 90.6m tonnes, an increase of 2.7 per cent on 1977, but still 15 per cent below the peak year of 1973.

The build-up of income from the North Sea has been slower than expected because of mounting delays offshore in developing the fields, but this has merely had the effect of postponing revenues for use by the next Government. The last Treasury forecasts suggest income from North Sea oil and gas rising from £1.7bn in 1977 to £6.6bn in 1985 (at 1977 prices).

North Sea taxation is in a state of some confusion, as the defeat of the Labour Government in Parliament meant that proposals for changing the taxation regime by increasing the rate of Petroleum Revenue Tax (PRT) and lowering the various allowances given to the oil companies were kept out of Mr. Denis Healey's caretaker Budget.

Both the Labour and Conservative Parties have made it clear during the election campaign, however, that they are in favour of increasing PRT as a way of maximising Government revenues. Under the proposals put forward by Labour, annual revenues from oil and gas were expected to be about £4.5bn in the middle 1980s (at 1977 prices). The cumulative increase in the yield from oil taxation was expected to be about £2bn up to the middle of the 1980s on a total of £20bn-£25bn.

The effects of North Sea oil and gas production already pervade the whole economy in a way that makes it increasingly difficult to see precisely how it would have developed without this contribution. But one of the most direct effects has been seen in the balance of payments with the reduction in net energy imports. This contribution in 1977, when oil production amounted to only some 38m tonnes, is put by the Treasury at £4.5bn. With production building up this should reach more than £10bn in 1985 (at 1977 prices). Allowing for imports of goods and services for the North Sea programme and for the profits earned by foreign oil companies, the net contribution to the current balance of payments is expected to rise from just under £3bn in 1977 to around £8.5bn in 1985 (at 1977 prices).

Since the Treasury published its last estimates the price of North Sea oil has risen substantially in line with increases in world oil prices brought on by the loss of crude exports from Iran. British Petroleum's Forties Field crude, for instance, which was selling at about $14 a barrel in the last quarter of 1978, is now being sold at about $18.30 and this could rise further before the end of the year. As the UK becomes a net exporter of crude these higher prices should actually benefit the economy during the early 1980s, but their disruptive effects on the economies of Britain's trading partners cannot be ignored.

Apart from the growing balance of payments benefits, as the tables show, rising oil prices could considerably enhance the national income from the North Sea— the sum of Government revenues, the cashflows of home-based oil companies and money spent on domestic goods and services. As a sum of money the income is large, but when it is put against the rest of the UK economy it will account for only 4 per cent of Gross Domestic Product in 1984-85. It is Government revenues, composed of royalties, Petroleum Revenue Tax and corporation tax, that account for the greatest single part of the benefit from North Sea oil, and should be providing more than 70 per cent of the total by 1985. Through the 1980s Government revenues from the North Sea should build up steadily, while spending on UK goods and services and the growth of UK company cashflows will remain fairly static.

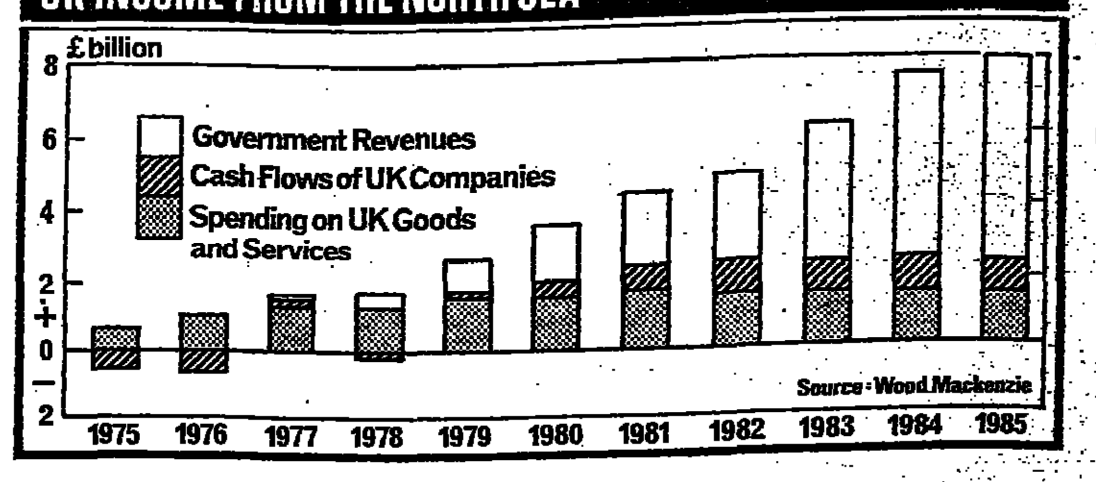
The revenues from the North Sea will still be relatively small compared with total Government revenues from all sources. According to Wood Mackenzie, the stockbrokers, even in the early 1980s with North Sea production rising rapidly they will amount to only about 2½ per cent of total Government revenues. But such a contribution could encourage a real growth in GNP in the 1980s and the improvement in the balance of payments should allow the Government greater flexibility. Without it the headlong decline of the economy towards the end of 1978 would have been far more difficult to arrest. As Wood Mackenzie points out: "The vast majority of the benefits will go to the Government and therefore any real benefit to the country will rely heavily on Government policy." That is the degree of the heavy responsibility upon the new administration in using up a wasting, irreplaceable asset.

The UK's self-sufficiency in crude oil could be short-lived if the present declining rate of success in exploratory drilling continues. The fields now under development or study are all small-to-medium size by North Sea standards and the oil industry is claiming loudly that its confidence in the North Sea as an exploration province has been badly hit by the proposed changes in the fiscal regime. Without the development of marginal fields the UK could be a net importer of crude oil again by 1986-87. The big question facing the new Government on oil policy will be the fixing of depletion rates. Dr. Dickson Mabon, the Labour Minister of State for Energy, warned during the Election campaign that Britain is in serious danger of postponing until too late a decision on the future control of oil production rates. The next Government would have to decide by the end of the year on production levels if it wanted to avoid a huge surplus of oil output during the early 1980s.

Under earlier assurances to the industry the Government has said it will not order any cuts in production before 1982, but after that date output from some of the North Sea's biggest discoveries could be reduced by as much as 20 per cent as long as the future performance of the reservoirs is not endangered.

The dominant theme of the last five years' work in the North Sea has been the rush to get equipment built and in place to start the oil flowing. But the next five years could find the Government trying to balance the conflicting considerations of extracting the maximum revenues against the need to prolong the life of dwindling oil reserves as far as possible into the future.

UK INCOME FROM THE NORTH SEA



INCOME 1975-1985*

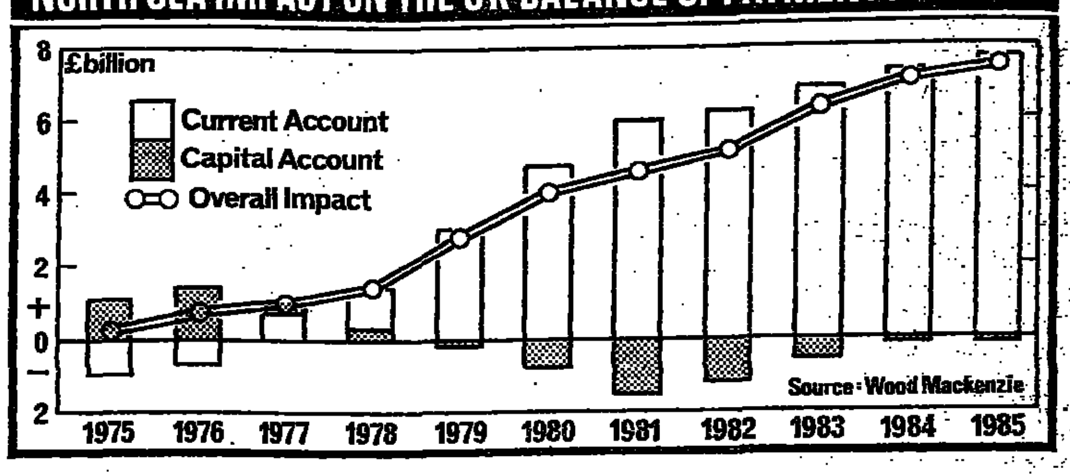
(£m)

Year to Dec. 31	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total†	181	448	1655	1621	2656	3616	4422	4801	6106	7486	7849
As a % of 1978 GDP††	0.2	0.4	1.3	1.2	1.8	2.3	2.7	2.7	3.3	3.8	3.7
% to Government of total	0	2	10	27	38	45	47	50	62	68	72

* Assumes PRT increases are implemented, and constant real price of oil from 1979 base of $15.50 a barrel, plus 6% a year inflation.
† Government revenues, company cash flows and spending on goods and services.
†† Estimated at £140bn in 1978 money.

Source: Wood Mackenzie

NORTH SEA IMPACT ON THE UK BALANCE OF PAYMENTS



UK GOVERNMENT REVENUES*

(£bn)

Year to Dec. 31	1977	1978	1979	1980	1981	1982
North Sea Revenues	0.2	0.4	1.0	1.6	2.1	2.4
Total Government current receipts† (assuming 9% growth)	56	62	72	79	86	94
% North Sea Contribution	0.4	0.6	1.4	2.0	2.4	2.6

* Assumes constant real price of oil from 1979 base of $15.50 a barrel plus 6% inflation.
† In addition to normal direct and indirect tax revenue, also includes National Insurance contributions, local authority rates, interest received.

Source: Wood Mackenzie

MEN AND MATTERS

Fervour in a foreign field

The eyes of Kenya have lately been fixed with intense anxiety on events in neighbouring Uganda. But last night the big expatriate community in Nairobi turned its attentions to Britain.

Our High Commissioner, Sir Stanley Fingland, was out last night at the city's famous Thorn Tree corner cafe, where crowds gathered in the evening to await the general election results. The High Commission contributed to the "home-from-home" atmosphere by supplying a results board, large photographs of party leaders and even copies of the party manifestos.

There was also an ample display of Union Jack bunting and a mock-up doorway of Number Ten. All that was missing in this display of patriotic showmanship was Robin Day and a swingometer.

Readers may like to know that the more balmy atmosphere of Kenya, "traditional English breakfasts" were being served alfresco this morning at the Thorn Tree.

"He cricked his neck looking for a sudden swing towards Angela Rippon's legs"

Flying fancy

Those hints that airships have a future as well as a past never seem to come to much; but down in Brazil the State has given the national aeroplane centre a grant of £120,000 to investigate the prospects for using dirigibles to solve the country's transport problems.

The Brazilians have already shown themselves to be transportation innovators: whole fleets of municipal cars now run on sugar cane alcohol and researchers say they are hopeful of making good use of coconut oil to propel cars.

So why not try airships? The hope is that they could do good service in lifting cargoes from over-crowded portse—by hovering above ships and picking up loads which might then float through the air to their destinations. The aerospace centre also believes that dirigibles could be used over the Amazon forests and in other areas where access is difficult.

The airships will be sustained by helium gas and should only consume a tenth of the fuel used by a large jet plane.

If the feasibility study comes up with the right figures, and Brazil builds an airship fleet, it is certain to create further "flying saucer" fever in a country which is reckoned to have the highest UFO-spotting rate per capita in the world.

It is also sure to bewilder those hard-pressed Indian tribes in Amazonia. One Brazilian scientist says hopefully: "Perhaps the Indians will regard the passing dirigibles as incarnations of their friendlier gods, come to help in their struggle against squatters."

Out of the trees

The Nobel Foundation is not letting rising costs damp down the worth of its annual prizes and so make them less attractive to would-be laureates. The value of each [illegible] prize has [illegible] this [illegible] Skr [illegible] pre[illegible] 10 [illegible] of inflation.

This monetary achievement has been made possible, it is claimed, by careful disinvestment out of forestry, agriculture and housing. Instead, the capital has now been put into office blocks. The investments appear [illegible] the Foundation's profit in 1978 was about [illegible]—a rise of more than [illegible]000.

Mandarin style

Governments may come, governments may go, but the Civil Service goes on for ever. The TUC-affiliated Association of First Division Civil Servants, representing 10,000 senior bureaucrats, held its annual conference yesterday—but maintained a stance of careful neutrality.

Instead of flaunting the red-coloured banners usually seen at TUC union conferences, the Association deliberated against a discreet green backdrop.

One or two delegates made coy references to the day's political event, but only general secretary George Marshall was forthright enough to suggest that the union might face some changes quite shortly.

Wanted man

If arguments in London's Appeal Court this week are to be believed, a certain Derek Davis is the only handwriting and typewriting expert available in the capital at this moment. His expertise has become the subject of litigation between Harmony Shipping Company and Mohamad A. R. Orris, trading as Saudi Europe Line.

Without drowning readers in the complexities of the whole dispute, I can say that Harmony had approached Davis to be a witness and then decided against it. The other side then approached him, at which Harmony protested against his being a witness in the case at all, but were turned down in the Divisional Court.

So now the tug-of-war over Davis has been fought out again before Lord Denning, no less, and two other appeal judges. Learned counsel argued that through having talked to Harmony, Davis might be prejudiced against them.

The QC concerned somehow managed to draw a comparison with Casanova committing adultery in a hotel room. The Appeal Court was convulsed with amusement. All, that is, except Lord Denning.

He went on listening with a sad and pained expression until he rose: so it remains in doubt whether the invaluable Davis will be able to tell the court what conclusion he had drawn from the fact that there were more typing mistakes on the carbon copy than on the top copy of a crucial document.

After the hearing, a barrister was asked why it was necessary to have an expert to reach a conclusion on such a matter. "I don't know," he admitted. Which goes to prove that lawyers are really modest men.

Scare story

Employees of British Rail have always enjoyed the power they exercise daily over thousands of their fellow-citizens. The principal source of pleasure is in delivering disastrous news—"No Services Till Further Notice," for example. But blackboard art has more subtle possibilities. A functionary with a fine sense of humour caused a long queue and much bewilderment at London's Liverpool Street station yesterday by placing a blackboard notice on the "balcony" section. Its legend read: "Danger. Do not move due to faulty flooring."

Observer

The trans-Atlantic Irish connection

BY JOHN WYLES and DAVID BUCHAN in the U.S.

The "four horsemen" of the Irish-American lobby: Senator Patrick Moynihan Governor Hugh Carey of New York, House Speaker "Tip" O'Neill and Senator Edward Kennedy.

INFLUENTIAL Irish-Americans are becoming restless about the lack of progress towards peace in Northern Ireland. That they chose to give voice to their sense of frustration in the midst of a British election campaign may have been tactless, but not accidental. As Mr. Tip O'Neill, Speaker of the U.S. House of Representatives, put it on April 27, their strongly held view is that the British Government "must pursue a major political initiative without delay."

The blunt-spoken Mr. O'Neill had already caused British politicians of both major parties and much of Fleet Street to bristle, by claiming in Dublin at Easter that Northern Ireland "has been treated as a political football in London or otherwise has been given a low priority."

The House Speaker does not stand alone. A month earlier, he and the three most prominent Irish - American politicians, Senators Edward Kennedy and Daniel Moynihan, and Governor Hugh Carey of New York—in a highly critical St. Patrick's day statement—charged that British policy towards Northern Ireland "has gone beyond delay and neglect and become a policy of conspicuous tilt in favour of the majority to the detriment of the minority." They cited in evidence the bi-partisan promise to increase Northern Ireland's overwhelmingly Unionist representation at Westminster.

One of the "Four Horsemen," as they are called, has gone further. In a recent article, Governor Carey urged the Carter Administration to use political and economic incentives to "strengthen Britain's willingness to initiate moves toward peace." Generally, the right moves are seen as something within a framework of the eventual re-unification of the 32 counties of Ireland, but wisely they are seldom spelled out.

The governor went on to draw British anger by suggesting that if Britain failed to respond to prodding, Congress should consider sanctions against it—a proposal that others, including the Dublin Government which has played a quiet part in orchestrating some of the renewed Irish-American pressure, have ridiculed.

Investments

Another suggestion has been made by Dr. Kevin Cahill, who is Governor Carey's personal physician, a friend of many Dublin politicians, the co-author of the Governor's article, and a man with much influence on Mr. Carey's thinking. He wants shareholders *to exert pressure on* U.S. companies with investments in Northern Ireland, where some 31 U.S. companies employ 12 per cent of the industrial work force. *The idea is that these companies* should lobby the British Government in favour of seeking a solution to the Irish problem. The American trade union federation, the AFL-CIO, already has a committee on human rights in Northern Ireland.

The Irish-American politicians *have certainly irked British* politicians who complain of what they consider to be the preachings of third-generation nationalists across the ocean, out of date and out of touch with the *realities* of Ireland today. But the British are also concerned that men like Mr. O'Neill might be speaking for President Carter.

There is absolutely no evidence of this. The White House is sticking to Mr. Carter's statement on Ireland, made in August 1977 and drafted to please all parties by condemning the violence, supporting peaceful reconciliation, eschewing outside *interference*, but offering possible economic aid to cement any future political settlement that might be reached.

Mr. O'Neill and the others are speaking not for, but at Mr. Carter. In the coming year they may find an increasingly receptive listener in the White House, as Mr. Carter makes his near-certain bid for another four-year term there. Senator Kennedy and Mr. O'Neill have been two of Mr. Carter's most loyal allies on Capitol Hill (against not very strong competition, admittedly), and for obvious reasons the President will want to keep *Mr. Kennedy* so inclined in 1980.

The Speaker, regarded as one of the most powerful in recent years by those who say the letters in "Tip" stands for "to influence Presidents," holds the key to the Democratic party machine, which Mr. Carter will need in well-oiled condition. Senator Moynihan's goodwill has a negative value: he is one of the most articulate critics of Mr. Carter's foreign policy on the *Democratic right wing*. Mr. Carey governs the second most populous State in the Union.

These politicians are also addressing their constituents, but not in the way many in Britain imagine. True, their calls on the Irish-American community to let the political process resolve the Northern Irish problem may have, as Mr. *O'Neill said last week*, an increasingly hollow ring. But their statements urging London to do something are the price for their consistent, and welcome, condemnation of the killings in Ulster, and of the flow of private American money and guns that has partially abetted it.

Moderate end

The "Four horsemen"—to whom could be added men like Representative Tom Foley, Number Three in the House Democratic leadership—are by no stretch of the imagination "Provisionals" wrapped in the Stars and Stripes. On the contrary, they stand at the moderate end of *the relatively* small number of Irish-Americans who care a fig for what happens in the old country.

The potential constituency is of course enormous. According to the latest census figures, some 16m Americans lay claim to Irish ancestry—though only half a million were actually born in Ireland. In a big East Coast city like New York or Boston on St. Patrick's day—a festival celebrated with much more vigour there than in the Republic — everyone in sight seems to sport a shamrock, the number of Irish-American activists is perhaps as low as 150,000.

Clubs still form the nucleus of the community, but none the less underwent a decline as the Irish entered the U.S. establishment and felt less need for a social refuge. For instance, the Ancient Order of Hibernians, founded 100 years ago, now has only 15,000 members compared with *1.5m at the turn of the* century. There is a hard core that feels strongly and bitterly about the division of Ireland, reinforced by the last major wave of emigrants to the U.S. which in the 1950s left an Ireland, North and South, that was economically depressed. They have little loyalty to the established order in Ireland of the kind that, for instance, American Jews have for Israeli governments. They romanticise the Irish Republican army as embryonic Washingtons or Jeffersons.

Such people often given money to the Irish Northern Aid *Committee (Noraid)*, which from a headquarters in the Bronx district of New York City collects money and sends it off to *an cumabu cobbrech* (known in English as the Green Cross) in Dublin, whence it is ostensibly distributed to families of republican prisoners in the North and South. Noraid stoutly denies that its money is used to buy guns, but the suspicion of governments is that at least it does free other resources for that purpose.

Noraid raised $250,000 in 1972, the year of Bloody Sunday in Londonderry—but the level now is a fairly constant $160,000 a year, as officially reported to the U.S. Justice Department. This is small if compared with what the IRA lifts from banks in the Republic, but it is of concern to at least some officials.

The Justice Department has not prosecuted any Americans recently for gun running. It may be that the convictions of the Fort Worth Five and of two of the Philadelphia Five a few years ago have deterred others since. Or maybe the arms traffickers have become cleverer.

The Irish National Caucus, a Washington lobby group sympathising *with* the IRA, and representative Mario Biaggi, are often lumped together. Mr. Jack Lynch, the Irish Prime Minister, did so *when in a letter last year to* Mr. Biaggi, he identified both with the cause of violence in Northern Ireland. Certainly the activities of the INC director, Father Sean Macmanus, have begun to cause eyebrows to be raised in the U.S. Catholic hierarchy.

Mr. Biaggi has some status, as Chairman of the House ad hoc committee on Ireland, which has a membership on paper of 128, though no more than some 30 congressmen attend its meetings. Although he is about as Irish as pizza and the safe incumbent of a New York City district which is only 5 per cent Irish, Mr. Biaggi's interest in Irish affairs apparently dates to his time with New York's heavily Irish police force.

Visitor

The Congressman is a frequent visitor to Ireland, where he has seen IRA people among others. His staff insist the trips are paid for from his own pocket, and not by the INC or any other organisation.

Mr. Biaggi says the gap between himself and the prominent Irish-American politicians is narrowing. But the latter have stayed well clear of his plan, backed by the INC, to hold a "peace forum" in Washington this year. It would consist of hearings with British, Ulster and Irish political parties, and the IRA and Protestant paramilitary movements, equally represented. The London and Dublin Governments were deeply concerned that this might get off the ground. Their worries may be misplaced. The forum has been postponed from May to September, ostensibly for technical reasons, but more probably because all the major political parties in the North and South have rebuffed Mr. Biaggi's invitation. So most surprisingly, have some of the Provisional IRA, apparently from pique that the Ulster Defence Association has said it would come.

Nor is it remotely on the cards that President Carter might attempt to summon some kind of Camp David meeting in the U.S. on Northern Ireland. There was some dotty speculation that Mr. O'Neill's trip to the UK and Ireland last month might have been a precursor to something of the sort.

But the British Government cannot absolutely count on President Carter keeping mum about Northern Ireland in the coming year. Electoral considerations aside, there are human rights questions, amply documented by British inquiries and European courts, that disturb some members of the U.S. Administration, who also wonder how long Britain's troop commitment to Nato is to remain weakened by the need for so many soldiers in Ireland. It may be no bad thing for British politicians to be reminded that there are responsible foreigners with an interest in a solution in Northern Ireland.

Letters to the Editor

The fog around EEC finances

From Mr. P. Smith

Sir,—While agreeing with Samuel Brittan in his article on "Lifting the fog round EEC finances" (April 12) that we should attempt to make an *economic assessment of the* impact of the Common Agricultural Policy, the Cambridge Economic Policy Group's calculations are not necessarily the last word in the matter. Price guarantees involve transfers from consumers or taxpayers to producers, and the balance of advantage for a member of the EEC will depend on whether the country concerned is a net "consumer" or a net "producer." Using current world market prices or even theoretical higher prices, however, is not necessarily a good starting point for calculating the volume of transfers.

All developed countries support their farmers through systems of guarantees, and producers adjust their production and costs in line with these guarantees so that it is not realistic to consider prices below production costs in exporting countries as a transfer from producers to consumers. Comparative levels of guaranteed prices offer a better alternative for the calculation of transfers. *When world market prices are* below national guaranteed prices in exporting countries through the operation of different types of export subsidy (for instance, deficiency payments or restitutions) a second type of transfer is taking place from taxpayers in the exporting country to consumers in the importing country — which should be identified separately in the discussion.

Peter Smith.

EPP Research and Documentation, European Parliament,
Plateau du Kirchberg,
Luxembourg.

Farming methods

From the Chairman,
Meat and Livestock Commission

Sir,—On behalf of the British meat and livestock industry I wish to make a public protest about the contents of this week's Radio Times.

On its front page the journal announces, over the picture of a pig, a BBC 2 programme on May 8 *which is to be followed* by radio phone-ins. These, it says, will debate "the question of Britain's highly competitive and possibly dangerous farming methods." At the foot of the page the following words appear "Health Warning: meat and poultry can seriously affect your health."

The final statement, in the style of the Government warning on cigarette packets, is damaging, misleading, and entirely without foundation. It is bound to be taken by some people as an official warning although, of course, no such warning exists and there is no evidence to support such a statement. The fact that it is made by the normally impartial BBC in its own journal is a matter for public concern.

I do not know what will emerge in the TV and radio programmes on May 8, but the front page of the Radio Times makes it clear that the dice are already loaded.

W. Johnstone,
P.O. Box 44,
Queensway House, Bletchley.

Agricultural Eurocrats

From Mr. J. Williams

Sir,—Forgive a quasi-Italian farmer for reacting so belatedly to your issue of April 9 but Christine Lord's conclusion that Italian agriculture "has become too important to be left to the agriculturists" cries out for rejoinder!

Ms Lord rightly says that arable land has been converted to viniculture although Italy cannot sell the wine it makes. The reason my neighbours, against every precept of their fathers, converted seminative land to vineyards is that they were persuaded to do so by heavy subsidies. The lesson of the wine lake is that of the butter mountain—and indeed of all history—that agriculture is too important for politicians and bureaucrats to meddle with.

Ms Lord believes that it is through ignorance and lack of capital that the poorer land is neglected. In fact the reason is that Common Market policies and the high cost here of employing agricultural labour at union rates ensures that such land cannot be worked economically by modern methods. The employer's NHI *contribution* (contributi unificati) alone is £4 per day. The self-employed peasant farmers on the hill farms are poor devils who cannot get jobs as agricultural labourers.

Ms Lord approves of Tuscan hill farmers going over to fruit. They must be desperate! Across the mountains, between Bologna and Modena are some of the finest orchards I have ever seen. How much of their crop reaches human stomachs? We cannot in Tuscany grow peaches like those of the south where the crop is destroyed by bulldozers, hundreds of tons at a time in conformity with Common Market policies.

One step is essential. It is the abolition of Common Market *agricultural policies and the dispersal* of the vast and growing army of agricultural Eurocrats who endanger the food of a continent for a generation while they themselves feed so luxuriously at the Brussels trough.

Jed Williams,
52040
Montenero di Cortona,
Arezzo, Italy.

Applying sanctions

From the General Secretary,
The Council for World Mission

Sir,—The action of certain Shell shareholders to condemn the company's part in Rhodesia *sanctions-breaking and to ensure* future compliance with sanctions law is condemned by the company (April 20) as being motivated by essentially "political aims."

As one of the signatories this council has acted out of long association with Christian missionary activity in Rhodesia. We know, not from official handouts, but from personal contact of the widespread misery which the war has caused and is causing. We know that if sanctions had been rigorously applied in the early days of UDI then the worst period of civil strife might well have been avoided. So we are very concerned that a company in which we have invested should have participated in circumventing the sanctions.

Since the attitude of the company seems to be that Shell must always supply oil to its subsidiary in South Africa, and who knows what happens to the oil after that—it seems necessary to press for the firmest possible guarantees that the company is now obeying the law. The aims of our action are moral rather than political.

Revd. Bernard G. Thorogood
The Council for World Mission,
Livingstone House,
11 Carteret Street, SW1

The structure of Societe Generale

From the Governor and
Director-Secretary,
Société Générale de Belgique

Sir,—The Financial Times has recently published a survey entitled "100 Major European Companies' Reports and Accounts," produced under the direction of Mr. Michael Lafferty. *The criticisms made* in this survey concerning the 1977 annual report of the Société Générale de Belgique and of certain companies in its group, as well as statements subsequently made to the press by its authors, call for the following comments.

In *general*, Mr. Lafferty has not taken into consideration the specific characteristics of our country's economic and financial structure, and has applied, for the analysis of Belgian accounting documents, criteria which are usual in the English-speaking business world.

For *what concerns* the Société Générale in particular, it would appear that he has not really understood the specific character of the structure formed by our company and the members of our group. This is a special structure, virtually unknown in the English-speaking world, and fundamentally different from specialised industrial holding companies, who generally own 100 per cent of their subsidiaries. *These subsidiaries* are in fact divisions constituted as separate legal entities.

In contrast, *the Société* Générale exercised a role of inspiration and leadership through significant *shareholdings, most* of which are of minority nature, in companies operating in a large variety of fields. It seeks to ensure the cohesion of the whole, while respecting to a high degree the autonomy of the individual affiliated companies, in particular, because of the large number of shares held in these companies by the public alongside *Société Générale's holding.*

According to generally accepted accounting principles to which Mr. Lafferty's survey refers, the establishment of consolidated accounts by the method of total integration should only include subsidiaries where the parent company holds more than 50 per cent of the stock and having a similar activity to the parent company. Following these standards, the Société Générale would only have to *consolidate* a very limited number of its holdings. Thus consolidation along these lines would add *no* significant information to the present accounts. It would on the contrary only make them more difficult to understand by the public.

As it nevertheless wishes to provide its shareholders with the appropriate information, the Société Générale has for many years included an up-to-date and until then unpublished analysis in its annual report. This analysis gives current information on the situation and prospects of affiliated companies and of the economic sector to which they belong, including the major events which have *occurred during* the financial year.

In contrast to the opinion of Mr. Lafferty who finds this analysis too long and of little significance, numerous readers express each year the interest they find in this document.

Belgian legislation now provides that holding companies should in the future publish, in the most appropriate form, group accounts. The application of the requirements of the Royal Decree of November 29, 1977 has given rise to numerous complex problems, which are currently being studied by the Banking Commission in co-operation with the management of the companies concerned. It *would in effect be a mistake to* assume that the classical method *of consolidation* is the only one insuring a clear and complete picture of a company's accounts. The kind of group accounts to be selected will be those which will provide the best information to shareholders and the general public, keeping in mind the particular characteristics of the various companies concerned.

One would have thought that Mr. Lafferty's survey would have been based on an adequate *knowledge of the requirements*, both present and planned, in the countries he has examined, but this does unfortunately not appear to be the case.

P. E. Corbiau.
Baron de Fauconval.
Société Générale de Belgique,
30, Rue Royale,
1,000 Brussels.

Michael Lafferty writes: Societe Generale makes two main points: that the survey uses Anglo-Saxon criteria for assessment, and that these are not appropriate to Belgium; and that consolidation deals only with subsidiaries, rather than *minority stakes such as those* held in the main by Societe Generale.

The answer to the first point is that the survey uses the standards of the International Accounting Standards Committee for measurement. This is a truly international body, and includes representatives from no fewer than three Belgian accounting bodies.

The answer to the second *point is that international* accounting standards require the publication of consolidated financial statements, including the use of the equity method of accounting for the presentation of certain types of long-term investments. In simplest terms this generally means that all minority shareholdings in excess of 20 per cent of a company's equity should be accounted for proportionately in *consolidated financial* statements.

Today's Events

U.K.: Confederation of British Industry statement on what it *hopes from new Government.*

Government actuaries report on civil servants published.

Wincott Award to financial journalist of the year, London.

Welsh Trades Union Congress annual conference opens, Tenby.

Lord George-Brown at Advertising Association lunch, London.

Family planning and poverty symposium, Royal College of Physicians, London.

Sr. Ing. Federico Dumas, Argentinian Under Secretary for Foreign Investment, leads metal working industry delegation visiting Birmingham Chamber of Commerce.

Rugby League Cup Final, Wembley Stadium.

Brighton Festival of Arts opens (until May 19).

Overseas: Financial Times Euro-Japanese Symposium — Trade, Finance and Politics in the 1980s, final day, Brussels.

Senior officials of UNCTAD final day of meeting in Manila.

International Energy Agency governing Board meets in Paris.

COMPANY RESULTS

Final dividends: Grovebell Group, James Neill Holdings. **Interim dividends:** Kwik Save Discount Group, Ulster Television, United Wire Group.

COMPANY MEETINGS

Alliance Trust, Meadow House, 64 Reform Street, Dundee, 11.30. Church and Co., St. James, Northampton, 12. Lyon and Lyon, Harker House, Nottingley, West Yorkshire, 12.15. Montague Boston *Investment Trust*, 117 Old Broad Street, E.C., 12. Standard Trust, 142 Holborn Bars, E.C., 4. W. and E. Turner, St. Crispins Way, The Roundabout, *Thurmaston*, Leicester, 12.

LUNCHTIME MUSIC, London

Recital by Penelope Walker (contralto) and Laurence Dale (tenor) at Guildhall School of Music and Drama, 1.10.

Song recital by Michael London at St. Martin-within-Ludgate, 1.15.

Wimpey tops £57m after second half advance

PRE-TAX profits of Wimpey Construction UK, formerly George Wimpey and Company, rose from a restated £53.9m to £57.2m in 1978 after being down £3m at £14.5m in the first half.

The directors reminded shareholders at midway that as usual, results of a single period were of limited significance and second half profits should be substantially higher than the first six months.

The year's results are a record and were achieved at a time of intense competition both in the UK and most of the overseas countries in which the group operates, the Board now states.

Earnings per share are shown at 17.8p (16.9p).

Continued success in the UK private house market has again helped to sustain the group in difficult trading conditions and useful contributions to profits have also been made by George Wimpey, M E and C, Wimpey Asphalt and Wimpey Property Holdings.

Overseas profitability has been maintained and new opportunities continue to be investigated. Canada remains a most important area of activity and steps are being taken to expand in the U.S.

The 1977 results have been restated to reflect changes in accounting policies.

Interest payable in North America relative to land development is included in the cost of work in progress until the land is sold. Previously this interest has been charged against profits in the group's consolidated accounts in the year in which it was incurred, but it has now been decided to follow North American practice for Canada and the U.S.

Provision for deferred tax is now provided only where there is a reasonable probability that the amount will become payable within the foreseeable future and this has resulted in a substantially reduced charge for tax, both in 1977 and 1978, and also in a very substantial transfer from tax provisions to reserves in respect of prior years.

On January 22, prior to the scheme of arrangement whereby Wimpey Construction UK became a wholly-owned subsidiary of the new holding company, a special interim dividend of 0.77074p per share was paid, including 0.01032p supplemental to the 1977 dividend following the reduction in the rate of corporation tax.

The directors of George Wimpey, new holding company, have declared a special dividend of 1.5p per share with a corresponding equivalent special dividend to be paid by Wimpey Construction UK to the holding company.

Shareholders will therefore receive dividends totalling £5.81m in the year ending June 30 1979, compared with £1.77m for the preceding year.

	1978 £000	*1977 £000
Operating profit	51,121	48,849
Associates share	12,254	7,878
Interest payable	6,163	2,773
Profit before tax	57,212	53,954
Tax	11,805	11,395
Minority losses	261	763
Attributable	45,668	43,322
Dividend	1,973	1,767
Transfer to retained profits	43,695	41,555

* Restated.

See Lex

HIGHLIGHTS

Lex considers the state of the financial markets ahead of the election results. Major company announcements yesterday included Wimpey's full-year figures which pleased the market, but appear to have relied on exceptional factors to achieve a 6 per cent pre-tax profits rise. British Sugar Corporation has produced a sharp rise in half-time profits despite the bad weathe and road hauliers' strike. The big German engineering giant, GHH, has launched a rights issue of about £50m having already had one last January. Lex also considers the position in the Lonrho-SUITS offer where Lonrho has extended until the end of next week. Elsewhere, Henry Boot produces some abysmal figures yet the shares rose on the confident statement for the current year. Aberdeen Construction's closing months have offset some of the interim downturn and Porter Chadburn also had a better second half. The last of the Hunting companies reports a profits recovery and Harrisons Malaysian Estates reveal nine month figures.

Blockleys declines to £0.35m

Blockleys, the facing brick manufacturer, picked up some of the ground lost in the first half. At the end of 1978 the taxable surplus was down from £440,133 to £353,914 on turnover ahead from £1.93m to £2.27m.

At midway the group had fallen £144,300 to £100,000 on turnover which had also declined —from £1.03m to £987,400. The directors then said the halfway figures reflected the poor start to the year, but they were encouraged by improved trading results in recent months.

Tax for the year is down from £208,991 to £185,803, and retained profit from £169,095 to £99,324.

A second interim dividend of 3.105p net per 20p share lifts the total from 3.8604p to a maximum permitted 4.2637p. Stated earnings per share are well down at 10.93p, compared with 15.13p.

Freddie Mansfield

Sir Gerald Thorley, chairman of British Sugar, seen in the main control room for power generation at the Wissington, Norfolk, factory. This factory slices in excess of 8,000 tonnes of beet each day, from which 1,200 tonnes of sugar are produced depending on the sugar content of the beet.

British Sugar £2.5m up despite bad weather

DESPITE the bad weather and the haulage strike the British Sugar Corporation increased first-half taxable profits by £2.5m to more than £10m. And prospects for the second half are encouraging.

The dispute and the poor weather came at the end of the sugar beet production cycle. But the group at that time still had more than 1m tonnes to process —and no more than 100,000 tonnes were lost.

In addition, sugar production was lifted from 950,000 to 1.02m tonnes and dried pulp production from 595,000 to 654,000.

The taxable surplus rose to £10.19m in the 27 weeks to April 2, 1979, on turnover of £219.1m. In the 24 weeks to March 13, 1978, pre-tax profits stood at £7.68m on £155.3m turnover. The 27-week surplus was struck after much higher interest charges—up from £1.82m to £3.57m.

The directors now say that sugar sales are running at a level which would give a total volume for the year of 1.1m tonnes, against 1m last year. The remainder of the year should also benefit from the 5 per cent devaluation of the Green Pound on April 9 this year.

The devaluation will also help growers who will get an additional payment for beet supplied during the campaign. Their income from beet will also be increased by higher pulp prices.

In the 12 months to September 24, 1978 the company turned in £25.58m taxable profits on £304.2m turnover. Interest charges for the period were £3.8m.

At the year end the directors forecast increased sugar production due to a larger area being drilled and higher yields. They also expected sales to increase and said that better prices for pulp would aid the growers and the company.

Tax for the 1979 half-year takes £536,000, against £488,000, leaving net profit up from £7.2m to £9.7m.

The gross interim dividend is lifted from 2.462p to 2.709p. Last year's total was 7.916p per 50p share.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Industrial and General Investment Trust, Drayton Consolidated Trust, Kwik Save Discount, Ulster Television, United Wire.

Finals: Grovebell, Moss Bros., James Neill, Ovenstone Investments, Francis Shaw.

FUTURE DATES

Interims—	
East Driefontein Gold Mining	June 12
Guinness (Arthur)	June 18
MEPC	May 21
M. and G. Group	May 30
Ranks Hovis McDougall	May 15
Trafalgar House	May 19
Finals—	
Allen (Edgar) Balfour	June 27
Berec	May 24
Berkeley Hambro	May 18
Doornfontein Gold	June 12
Estates and Gen. Investments	May 14
Fine Art Developments	May 22
Kloof Gold	June 13
Libanon Gold	June 12
Marlborough Property	May 31
Sainsbury (J.)	May 9

† Amended.

Aberdeen Construct. ends £0.6m lower

TAXABLE PROFITS of Aberdeen Construction Group slipped from £3.95m to £3.35m in 1978, on lower turnover of £56.14m compared with £57.02m.

At the halfway stage, the surplus was down from £1.77m to £1.21m and the directors said tendering opportunities had remained satisfactory during the first six months and appeared likely to be maintained in the foreseeable future. While it was unlikely that the percentage return on the year's turnover would be much improved, it was not anticipated profit margin would deteriorate.

After tax for the year of £1.63m (£1.5m), stated earnings per 25p share are down from 22.16p to 15.66p. The net final dividend of 3.144p lifts the total payment from 4.607p to 5.144p.

Principal activities of the group are building construction, civil engineering, and mineral extraction.

● **comment**

Adverse weather again featured prominently in the woes of Aberdeen Construction last year. This apparently crippled its operations severely in the first quarter with the result that mid-term profits were slashed by a hefty 31 per cent. Overall profits are down 15 per cent but the after tax figure is 29 per cent lower on account of a 48 per cent tax charge against 38 per cent in 1977 (helped then by allowances for loss-making companies). Despite the setback the group appears to have done better than expected, as the market had only anticipated profits of about £3m. ACG is tied up at the moment with a big office development project at Hill of Rubislaw. This is expected to be completed by the end of this year, after which revenues from this source should begin to make an impact on profitability. With signs of some pick up in the construction industry, margins, which came under further pressure last year, are expected to improve and prospects point towards a modest recovery. The shares rose 7p to 88p yesterday for a p/e of 5.4 and yield of 9 per cent.

J. Walker recovers to £0.31m

AFTER A strong second-half, pre-tax profits of J. O. Walker and Co., timber importer, recovered to £307,499 in 1978. Last time the taxable surplus was £106,380 after a £78,005 exceptional debit. In 1976, profits surged from £346,720 to £671,700.

At midway in 1978, profits were lower at £31,000, against £135,000.

Turnover for the year stood at £6.52m, compared with £6.69m previously. After tax of £183,701 (£67,689), earnings per 25p share are shown to have risen from 3.5p to 15.5p. The net total dividend is lifted from 3.505p to 3.913p, with a 2.908p final.

Continental Union Trust

For the year to March 31, 1979, Continental Union Trust Co. reports an advance in net revenue from £665,255 to £745,992, after tax of £424,796 against £396,573.

Stated earnings per 25p share are up from 4.03p to 4.53p and the total dividend is raised from 3.5p to 4.25p with a final payment of 3p.

The net asset value per share at March 31 was 183.9p (152.5p).

Hunting Gibson makes recovery

FOLLOWING the midway loss of £182,000 against £604,000 profit, Hunting Gibson recovered in the second half of 1978 to finish with a pre-tax surplus of £1.27m, compared with the previous year's £3.86m deficit which was struck after a £4.45m loss on valuation of vessels.

At the interim stage, the directors said that ship trading losses continued for the first six months since when, following the disposal of ships, these losses had halted and remaining activities continued to produce satisfactory results. They anticipated a small pre-tax profit for the year.

	1978 £000	1977 £000
Turnover	12,856	131,152
Shipowning, ship management	6,636	5,920
Ship, oil and air broking	2,138	2,019
Indust. painting contracting	4,082	4,326
Other—crude oil sales	—	1,067
Oil and gas activities*	—	117,820
Operating profit	419	1,241
Shipowning, ship management loss	572	1,368
Ship, oil and air broking	690	706
Industl. painting contracting	301	462
Other—crude oil sales	—	30
Oil and gas activities*	—	1,411
Loss on vessels valuation	—	4,450
Exchange losses w/off	—	500
To retirement benefit scheme	—	86
Share of assocs. profit	849	125
Profit before tax	1,268	†3,860
Taxation	388	530
Net profit	880	†4,390
To minorities	29	29
Pref. dividends	29	29
Attributable to ord.	§782	†4,7??
Ord. dividends	69	69

* Transferred to Hunting Petroleum Services including crude oil sales of £106,441,000. † Loss. ‡ UK deferred tax for which no provision has been made amounted to £1,826,000 (£1,576,000). § Profit.

They now say shipowning activities still traded at a loss, albeit a smaller one than previously. However, this was expected, because of the drastic reduction in the fleet and the laying up of Tyne Bridge for much of 1978.

The directors explain that an agreement has just been concluded which should lead to the cancellation of the long-term lease of Tyne Bridge from Nile Steamship Company. Further details, however, will be included with the annual accounts.

Having considered the question of a return to a dividend other than that required to maintain trustee status, the directors are recommending a final of 5p net, making a 5.1p total compared with 5.0881p previously, which included 0.0881p in respect of 1976. Stated earnings per £1 share were 45.18p (275.27p loss).

Reflecting the transfer last year of its oil and gas interests to Hunting Petroleum Services (HPS), 1978 turnover was much reduced from £131.15m to £12.86m and operating profits fell from £1.24m to £419,000—oil and gas contributed £117.82m and £1.41m respectively to 1977 figures, including crude oil sales of £106.44m. Profits of HPS, which was formed last year, are now included in associate results.

● **comment**

Hunting Gibson has emerged from its restructuring with a reduced operating profit but a £5m turnround to profits at the pre-tax level. It has hived off its oil and gas activities into Hunting Petroleum, a recently listed associate and cut its total sales from £131.2m to £12.9m. It is still losing money on its ships, albeit at a slower rate. Shipbroking profits are down a little because of a poor interim turnout. The second half picked up a little but not enough to lift the overall figure for the year. Elsewhere industrial painting margins were squeezed by a drop in demand following a cut back in public expenditure. Prospects are a little uncertain because of the hint at an agreement that will help it out of the costly Tyne Bridge charter. The shares rose 4p to 179p yesterday giving a stated p/e of 3.9 and a yield of 4.4 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Construction	3.14	July 3	2.82	5.14	4.61
B.I.T.	3.25	June 29	2.65	5.7	4.85
Blockleys ......sec. int.	3.11	June 26	2.73	4.26	3.86
Henry Boot	Nil	—	6.68	2.5	9.18
British Sugar ......int.	2.71§	—	2.46	—	7.92
Guardian Inv. Tst.	2.25	July 6	1.95	3.15	2.7
Hunting Gibson	5	—	Nil	5.1	5.1‖
Porter Chadburn	4.26	July 3	3.52	5.89	5.27
Richards ......int.	0.3	May 31	0.25	—	1.16
Save & Prosper Linked ......2nd int.	5.94	June 1	5.19	12.48	10.83
Scott's Restaurant	2.16	July 9	1.93	2.16	1.93
Sungei Bahru ......int.	0.65	June 15	0.52	—	2
J. O. Walker	2.91	July 4	2.52	3.91	3.51
Wemyss Inv. ......int.	5	July 2	5	—	12.5
Wimpey ......Spec. int.	1.5‡	June 14	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ As forecast at time of scheme of arrangement. § Gross figures. ‖ Includes additional 0.0881p for 1976.

HME advances to £23.8m

RESULTS for the nine months ended December 31, 1978, of Harrisons Malaysian Estates, 50 per cent owned by Harrisons and Crosfield, show turnover of £55.3m and pre-tax profits of £23.75m.

However, owing to fluctuating commodity prices, the nine months results should not be regarded as a reliable guide to the results for the current year, the directors say.

For the year to March 31, 1978, pre-tax profits were £34.9m from turnover of £69.5m. An interim dividend of 1.5p (1.25p) has already been declared for 1978-1979—the previous year's total was 4p.

Pre-tax profit for the nine months comprises trading surplus of £21.25m, investment income £2.18m and £321,000 from associates.

Tax takes £10.34m giving earnings per share of 8.01p against 6.83p for the previous year.

Minorities take £51,000 and there are extraordinary debits, including exchange of £456,000.

Harvested crops (in tonnes) shows rubber, 31,301; palm oil, 86,353; palm kernels, 17,831; copra, 3,581 and cocoa, 3,550.

● **comment**

While HME cautions against using the nine months figures as a basis for calculating full year profits, it is obvious that the underlying trend is towards a much brighter 1978/79 result than that recorded in 1977/78. For harvested tonnages of palm oil, palm kernals and cocoa are well ahead of comparable figures. Provided tonnages shipped are up by similar amounts a full year figure around the £30m mark could be achieved. The strong nine month result is particularly good news for Harrisons Crosfield, HME's parent. It should be taking on board 50 per cent of HME's profits, something around £24m. H & C's pre-tax figure from its total operations in 1977 was only £21m. HME's shares closed yesterday 2p up at 136p.

Higher costs and strikes hit Porter Chadburn

AS EXPECTED, Porter Chadburn, the engineering group, turned in lower profits in the year to January 4, 1979 — the taxable surplus falling 12½ per cent from a record £1.28m to £1.12m on sales of £14.59m, against £12.95m.

At midway the surplus was down from £561,700 to £433,600 and the directors considered it unlikely that full-year profits would reach the level achieved last time.

Mr. D. C. Bamford, chairman, says a combination of events common to large segments of industry has made the period a difficult one. Sales have not increased in volume and escalating costs and low demand in some areas, coupled with the dislocation of production by industrial action, were the primary causes of reduced profits.

After tax for the year of £545,784 (£587,322), stated earnings per 20p share are lower at 19.49p (21.2p). The net total dividend is stepped up from 5.27076p to 5.885682p, with a 3.642382p final.

Of developments in hand, the chairman says production of Porter-Lancastrian's new Mark VIII beer meter/dispenser has started and a new steel Universal joint developed by A. Robinson (Engineering Services) is undergoing trials.

Intensive development work on hot drinks vending projects looks promising, the chairman says, and pre-production models are under test in the trade.

Some 18 months ago the sole rights to manufacture and sell Frigidaire-designed "open-type" refrigeration compressors and condensing units were acquired. These are sold under the PoLadaire name and a new marketing group has been formed within Porter Chadburn to handle this project.

	1978-79 £	1977-78 £
Turnover	14,586,000	12,948,000
Profit before tax	1,115,454	1,277,111
Net profit	569,660	689,785
Pref. div.	3,929	3,965
Ord. div.	190,308	172,180
Retained	375,323	513,640

● **comment**

Final figures from Porter Chadburn provide crumbs of comfort after a very disappointing half-way return and the share price took an 7p jump to *103p yesterday*. *Pre-tax profits* are down 12.5 per cent, with the margin slipping over two points to 7.6 per cent, but this is at *least an improvement on the 20* per cent profit downturn after the first six months. The company is expecting a brighter *future, but prospects look shaky* with investment in the brewing industry, which accounts for almost half of turnover, currently *stagnant. New products should* inject some life into sales later this year, so the same pattern of poor interim results being re-*couped later on may well be re*-peated in 1979. Profits last year were depressed by interest charge increases of around £50,000, while tax was charged at a rate of 3 per cent higher than the previous year. On the sales front, good demand for bar equipment helped offset sluggishness in the heavy brewing and crane sectors. The shares are trading on a modest stated p/e of 5.6, while the yield is a *more impressive 8.9 per cent.*

Haulage strike costs Richards £100,000 in lost profit

WITH THE road haulage strike resulting in a loss of profit of some £100,000, taxable surplus of Richards, textile manufacturer, fell from £304,000 to £285,000 for the six months to March 31, 1979, on a reduced turnover of £5.5m against £6.07m.

The directors say consumer demand, particularly for carpets, has further curtailed due to the harsh winter and the effects will be felt for most of 1979.

They expect results for the full year will be similar to the previous 12 months, while the longer term indications are encouraging.

Efforts to broaden the company's market, particularly overseas, are meeting with success, while its spread of activities over the textile field will stand it in good stead, they explain.

For the 1977-78 full year, pre-tax profits were £705,000.

Stated half-yearly earnings are lower at 1.13p (1.24p) per share, but the interim dividend is raised from 0.25p to [illegible] net—last year's final was [illegible]5p.

Net profits for the period emerged at £137,000 compared with £150,000, after tax of £148,000 (£154,000).

Improvement by Wemyss

Estimated revenue before tax of Wemyss Investment Company shows an advance from £[illegible],000 to £519,000. Franked income is up from £250,000 to £322,000 and unfranked income is down from £286,000 to £232,000.

Taxable revenue was struck after management expenses of £35,030 (£32,030). Tax took £103,000 (£152,000) and there were credits of £106,000 (£54,000) applicable to franked investment income.

Earnings per £1 share are stated at 13.5p (12.8p) and the interim dividend is held at 5p net. Last year's total payment was 12.5p.

Net assets per share were 405p (369p).

Thomson T-Line recovering

With the touring caravan division showing improved performance in 1979, it is anticipated by Mr. David Thomson, *chairman of Thomson T-Line Caravans*, that results for the six months to June 30 will be more favourable.

As already known, for 1978 the company slipped further into loss, with a figure of £148,253 (£23,460).

A breakdown of turnover and losses shows: caravan manufacture and supply £2,462,342 and £183,707; trailer manufacture and supply £201,242 and £11,058; timber merchant £1,200,692 and £46,513 profit.

Mr. Thomson reports that the first half proved to be most disappointing mainly due to heavy losses in the touring caravan division. Action taken to retard these losses is now taking effect, and for the last three months of 1978 there was a return to profitability in this section. The production of touring caravans has now been geared to meet demand and is operating economically.

Overproduction of touring caravans throughout the industry has eroded profit margins and although turnover was slightly increased, the retail division, Thomson Caravans, could only return a break even position before management changes.

In spite of the recession in the building industry and reduced demand from Thomsons (Carron), J. Baird and Co. continues to show favourable results.

There has been a steady demand for the products of T-Line (Homes) which has shown progress, and with a reasonably good order book is expected to continue to contribute profits in the current year.

Laurie Trailers had a most dismal first half in 1978 from which it could not fully recover, but with favourable forward orders a profitable period is expected this year.

The AGM of the company will be held at Falkirk on May 30 at noon.

H. Boot slumps to £3.7m loss

A FURTHER decline in the second half of 1978, with losses amounting to £2.86m against £1.03m profits, left Henry Boot and Sons with a full year deficit of £3.7m, compared with a £2.01m surplus previously.

The company is passing its final dividend, leaving the 2.5p net interim to compare with the previous year's total of 9.1839p. Yearly loss per 50p share is given at 33.1p (17.9p earnings).

When reporting a mid-year deficit of £836,000 (£977,000 profit) the directors expected that the effect of the set-back would be contained within 1978, but warned that the final dividend payment remained most uncertain.

They now say that the main causes of the loss were primarily in respect of local authority housing contracts — "increased responsibility vested in previous executive management proving unjustified; traditional conservative Henry Boot management view of work in progress valuation and provision for losses disregarded; low profit margins in time of low demand," they claim.

All shortcomings have been identified and positive corrective action taken, the directors state, with full provision made for all known and anticipated losses.

Other subsidiaries were profitable except for agricultural equipment which suffered from unpredictable low demand.

In the first quarter of this year, the company has returned to profit despite the hard winter, the directors report, and prospects for the whole of 1979 indicate continuing improvement.

The company retains a strong financial base, and its bankers have offered a "very generous" additional facility at the same rate of interest, which the directors do not expect will be needed.

Turnover for the year increased £1m to nearly £78m, while net loss emerged at £1.74m against a £0.97m profit after a tax credit of £1.96m (£1.04m charge).

Group interests are in construction, engineering, finance, joinery, plant and property.

● **comment**

Henry Boot's hefty second half losses conflict sharply with assurances given last October that the unexpected £0.84m deficit in the first six months would be contained over the rest of the year. In the event, there has been a £5.7m turnround to losses of £3.7m for 1978 and the final dividend has been passed. The blame has been put squarely on management failures, under-estimation of losses on local authority housing contracts and an over-valuation of work-in-progress—all of which has put the construction division in the red to the tune of roughly £4.7m. All the problems, claims Boot, are now a matter for the history books and, on the strength of another optimistic forecast, the shares rallied to close 8p higher at 99p. Clearly the latest results will have dented the company's credibility and it will take a long time to recover from the body blow inflicted during the past year. But the balance sheet can take the strain—knocking the loss out of 1978's net worth still leaves shareholders' funds of £11.6m (318p per share) and there is now very little debt.

Spear and Jackson cuts borrowings by £3.4m

IN RECENT years a key management objective at Spear and Jackson International has been to reduce the level of borrowings, Mr. Stephen Martin de Bartolomé, chairman, says in his annual review.

The reduction in 1978 was £3.4m and was mainly in short-term borrowings. The major part of the reduction, £2.3m, resulted from improved management controls. The £1.1m balance was accounted for by the disposal of the Australian subsidiary.

For the third consecutive year, the chairman says, gearing improved and at the year-end net borrowings at £3.2m, compared with shareholders' funds of £9.1m, a ratio of 35 per cent (76 per cent).

As reported on May 2, taxable profits rose 34 per cent in 1978, from £1.37m to a record £1.83m on turnover of £38.08m (£33.94m).

Of the current year, the chairman says management accounts indicate profits are satisfactory despite the trading difficulties of the opening months.

Group fixed assets at the 1978 year-end were lower at £6.46m (£7.12m), while net current assets were £7.32m (£8.44m).

At the annual meeting at Chartered Accountants' Hall, EC, on May 25 at noon, it is proposed to increase the total available for directors' fees from £3,000 to not more than £15,000.

Provident Life long term funds up £6m

Long-term funds of the Provident Life Association of London grew nearly £6m in 1978 from £83m to £89m at the year end. Premium income improved by [illegible] per cent from £11.5m to £13m — and investment income by [illegible] per cent from £5[illegible]. [illegible] expenses and [illegible] climbed by [illegible]. [illegible] equity [illegible]. A [illegible] £2m was [illegible] mortgages, [illegible] repayments of older mortgages leaving the total invested in house mortgages unchanged at £38m. The gross rate of return on long-term funds rose in 1978 to 7.98 per cent compared with £7.54 per cent in 1977.

The company's general insurance operations through the United Standard Insurance Company showed a total [illegible] profit of £71,000. The underwriting loss on the property and accident account was halved to £268,000 as a result of the [illegible] taken to deal with the situation. Rates for household contents were increased in May 1978, and this resulted in a satisfactory performance in a sector that in recent years has been unsatisfactory. Results in the motor account continued to be satisfactory.

Profits up at Scott's Restaurant

FROM increased turnover of £1.72m against £1.33m, profits before tax of *Scott's Restaurant* rose from £95,184 to £121,152 in 1978.

Tax takes £68,510 against £54,000 giving earnings per 12½p share of 21.06p compared with 16.47p.

The year's dividend is lifted from 1.93375p to 2.16p.

Improvement for BIT

Gross revenue of the British Investment Trust increased from £5,603,190 to £6,156,280 for the year ended March 31, 1979.

After tax of £1,708,449 (£1,875,628) stated earnings rose from 4.8p to 6.11p per 25p share. A final dividend of 4.25p lifts the net total to 5.7p compared with 4.85p previously.

Net asset value is shown at 211p (188.5p) per share.

The company is a subsidiary of Black Diamonds Pensions which is itself owned equally by the National Coal Board Staff Superannuation Scheme and *Mineworkers Pension Scheme*.

Companies and Markets

UK COMPANY NEWS

RMC hopes to maintain profits after bad winter

The bad weather throughout Northern Europe seriously affected operations in the first quarter of this year, says Mr. J. Camden, chairman of Ready Mixed Concrete, in his report for 1978.

He adds that in the UK the political and economic situation is uncertain, but with the immediate outlook in West Germany brighter than it has been for some time, the indications are that the year's results should be at least similar to 1978s.

Mr. Camden says that in the UK the volume of work available to the construction industry in 1978 did not increase significantly. There was, and still is, serious underspending on motorway and trunk road construction.

Against this background the concrete and aggregates division did well to maintain its contribution to group operating profits and retain its position in the industry. New quarries to boost reserves and supplies of aggregates were bought in South Wales and NE Scotland.

The builders merchants division made a useful increase in profits, and the waste disposal subsidiary Hales Containers improved its profit performance after a further substantial rise in volume.

There have been delays to renovating and re-equipping the aerated concrete factory in Essex. The group believe there will be a growing demand for this product.

The Readymix Drypack side has been expanded, and results of the property leisure division have been satisfactory.

In West Germany the group expects the level of activity to be maintained, says Mr. Camden. Demand for building work became particularly brisk in the second half of last year.

However, in Austria output and profits were lower. The French construction industry suffered a further fall in demand in 1978 and it is anticipated that this trend will continue. The company took step to cut costs and rationalise some areas and profits were increased.

In Belgium a recession in the construction industry hit profits. But, there is signs of an upturn although only a slow recovery is expected this year.

The Trinidadian government has said it intends to acquire the group's interest, Readymix (West Indies). Negotiations are continuing but the group's future in that country must remain uncertain, says Mr. Camden.

The joint operation with Hutchinson Whampoa in Hong Kong made considerable progress and construction activity continues at a high level.

Taxable profits, reported on April 20, went ahead from £29.3m to £36.55m last year.

Interest charges were reduced from £3.5m to £2.67m despite an increase in capital spending from £31.6m to £45m. At the year end net borrowings stood at less than £30m, against £21m at the end of 1977. Shareholders funds were £115.8m.

As well as revising the depreciation rates, which added £12.7m to retained profit, the group has eliminated £5.5m goodwill accumulated over the years to December 31, 1978.

A resolution raising the limit of the directors' ordinary remuneration from £10,000 to £30,000 is to be put to the annual meeting. The £10,000 figure was fixed in 1967.

On a current cost basis taxable profits are reduced to £28.07m (£20.5m). This follows a depreciation adjustment of £11.85m and a cost of sales adjustment of £1.4m. These are partly offset by a gearing adjustment credit of £4.77m.

Meeting, Dorchester Hotel, Park Lane W on May 25 at 11.30 am.

Scottish Provident funds up by £59m

SUBSTANTIAL progress in 1978 is reported by The Scottish Provident Institution, with long-term funds advancing from £315m to £374m. Premium income rose by over 20 per cent from £46.6m to £56.3m and investment income by nearly 30 per cent from £28.2m to £36.7m. Claims were 8 per cent higher at £1.6m and commission and expenses 20 per cent higher at £10.7m. The increase in commission payments reflected the successful trading year in 1978 for new life and pensions business.

Mr. James Lumsden, chairman, reports that the Society invested very heavily in the gilt market during 1978 to take advantage of the high yields available, committing £63m during the year. It took advantage of the rally in equity prices during the summer to reducing the holding of ordinary shares. The yield of the portfolio during the year rose to a gross value of 11.21 per cent.

At the end of the year, the gilt holdings were valued at £186m against £140m at the end of 1977. The value of equity holdings fell from £151m to £139m, while property holdings were slightly higher at £40m against £39m.

Mr. Lumsden points out that the Society will not be adding an "open-market option" to its highly successful self-employed pension contracts. The company holds the view that this type for does not require a contract that could provide widely differing values of benefit depending on conditions at retirement. Rather he is concerned to secure a benefit that grows over the years and is not affected by investment constraints.

Guardian Investment makes progress

For the year to March 31, 1979, Guardian Investment Trust Company reports pre-tax revenue of £2.61m compared with £2.44m on gross revenue of £3.18m against £2.99m.

Tax took £894,000 (£906,000) and stated earnings per 25p share increased from 2.53p to 3.18p. The final dividend is 2.25p net for a 3.15p (2.7p) total.

The net asset value per share after deducting prior charges at par was 122.5p (102.7p) and includes investment currency premium of 27½ per cent (45½ per cent)—5.5p (8.1p). If all the investments were sold at their balance sheet valuation there would be a liability for tax on capital gains at an effective rate of 10 per cent (1978 10 per cent) estimated at 6.2p (4.6p).

Kearney & Trecker up to £1.5m

The directors of Kearney and Trecker Marwin, a subsidiary of Vickers, report increased taxable profits of £1.5m in 1978, compared with £918,187 previously, on turnover up from £12.52m to £15.07m.

Tax took £16,994 (£24,910), and dividends absorbed £364,712 (£512,459). Pre-tax profits were struck after interest of £231,326 (£210,059).

The company makes machine tools and associated equipment.

Mr. K. A. Lane, chairman, says that early in 1978 the demand for machine tools in the U.S. reached boom proportions; this affected other markets so by the year-end inquiries and orders being received by the company had reached a record level.

This activity covered a variety of markets and industries and augurs well for the future, since most 1979 output and part of 1980 is already covered by firm orders, adds Mr. Lane.

Commenting on where current business is being generated, Mr. Lane says that, because the UK engineering industry has moved out of recession ahead of its Continental counterparts and because of the major reinvestment programme at British Leyland, a high proportion of current business is for domestic customers. However, a debilerate policy of developing a worldwide role is being pursued.

During the year the company completed delivery of a major contract to Poland—and received its biggest order—and received major orders for Western Europe, Scandinavia and South Africa. In the first three years the proportion of exports has increased, although this trend will not apply in 1979, the chairman says.

Agency arrangements in Western Europe have been considerably strengthened, and Board missions visited the Far East and the U.S. to explore further ways of developing business there, says Mr. Lane. These activities will be increased during 1979.

In parallel with the expansion of marketing activities, product range development is continuing. Additions to the machining centre range were introduced in 1978 and have been well received.

Jerome needs improved conditions

It will be extremely difficult to maintain profit levels this year unless there is an appreciable improvement in trading conditions, Mr. William Jerome, chairman of S. Jerome and Sons (Holdings), says in his annual statement.

In the meantime, special attention is being given by the board to effect economies wherever possible and explore new markets for the company's products.

The deterioration in trade both in the home and export markets, which was apparent in the latter months of 1978, is continuing. The group is still affected adversely by the importation of cloth and clothing from low wage countries and there does not seem to be any prospect of a reduction in the volume.

However, the chairman feels the group is well equipped to compete on equal terms in both the home trade and export markets and, given some improvement in world economic conditions, will continue to make progress. During the past few years there has been substantial investments in new plant.

As reported on April 11, pre-tax profits in 1978 were little changed at £617,000 compared with £602,000. Turnover rose from £7.53m to £8.21m.

Group fixed assets increased from £1.5m to £2.07m, while net current assets were £1.91m (£2.14m). Working capital decreased £487,000 (£109,000 increase).

RESULTS AND ACCOUNTS IN BRIEF

GENERAL AND COMMERCIAL INVESTMENT TRUST—Results for February 28, 1979, year already known. Investments £11.62m (£9.96m). Current assets £572,279 (£474,921), liabilities £368,761 (£278,835). Meeting: 8, Waterloo Place, SW May 24, at noon.

REVERTEX CHEMICALS—Results for 1978 reported April 24 in preliminary statement with prospects. Group fixed assets £14m (£12.71m), net current assets £5.58m (£6.02m). Ex-gratia payments to former directors £32,000. Net cash outflow £621,000 (£1.27m inflow). Meeting, Harlow, Essex, May 23, noon.

BIFURCATED ENGINEERING—Results already known. Fixed assets £3m (£2.73m). Net current assets £3.69m (£3.26m). Decrease in short-term borrowings £0.37m (£0.6m). Meeting, Aylesbury, May 24, noon.

GEO. G. SANDEMAN (port, sherry and brandy shippers)—Results for 1978 already reported. Fixed assets £5.72m (£5.65m). Net current assets £3.53m (£3.79m). Meeting, Connaught Rooms, WC, May 25, noon.

LONDON UNITED INVESTMENTS—Results for 1978 reported April 24. Shareholders' funds £9.36m (£8.02m). Net current assets £3.33m (£2.82m). Liquid funds increased £5.4m (£8.23m). Chairman says further expansion can be looked for in 1979. Meeting, Connaught Rooms, WC, May 25, 3 pm.

ALBRIGHT AND WILSON (producer of phosphorus chemicals, sodium chlorate, etc.)—Results for December 25, 1978, year reported February 15 in full preliminary statement. Group fixed assets £109.5m (£83.3m), net current assets £85.8m (£116.1m). Cash generated £24.1m (£32.2m). Gross capital expenditure £43.4m (£24.5m). The company is a wholly-owned subsidiary of Tenneco Inc.

CHEPSTOW RACECOURSE COMPANY—Turnover for 1978 £332,050 (£250,897). Loss £22,130 (£12,037) after all charges including tax nil (credit £5,600). Loss per share 19.8p (10.8p). No dividend (same).

DELTA METAL COMPANY—Results for 1978 reported April 19 in full preliminary statement with chairman's comments on prospects. Group fixed assets £118.4m (£108.1m), net current assets £97.45m (£91.02m). Meeting, Waldorf Hotel, WC, May 17 at noon.

HOME CHARM—Treasury approval has been received for proposed final of 3.45p announced April 25.

FREEMANS (LONDON, SW9)—mail order—Results for year ended January 27, 1979, reported April 3, with prospects for current year. Fixed assets £12.1m (same), net current assets £49.91m (£38.28m). Meeting, Connaught Rooms, WC, May 24, at noon.

GASKELL AND CO. (BACUP)—Results for 1978 with scrip issue already reported. Fixed assets £949,601 (£895,542). Net current assets, £2.63m (£1.99m). Chairman says first quarter of current year ahead of same period last year. Meeting, Blackburn, May 25.

GRAMPIAN HOLDINGS (industrial services, consumer goods, printing and publishing)—Results for 1978 reported April 6. Group fixed assets £9.09m (£9.37m), net current assets £6.53m (£6.48m). Shareholders' funds £13.4m (£12.4m). Working capital increased by £99,000 (£1.12m decrease). Inflation adjusted pre-tax profit £808,000 (£161,000) against historical £1.77m (£1.46m). Meeting, Glasgow, May 25, noon.

STEEL BROTHERS HOLDINGS (international trader and manufacturer)—Results for 1978 reported April 21 with observations on prospects. Group fixed assets £20.35m (£20.96m). Current assets £34.72m (£37.41m). Medium term liabilities £5.96m (£7.25m). Current liabilities £24.8m (£28.23m). Meeting, Dorking, on June 1 at 12.15 pm.

EVERED AND CO. (engineering)—Results for 1978 reported April 9 in preliminary statement with prospects. Group fixed assets £1.21m (£1.27m), net current assets £1.44m (£1.09m). Meeting, Birmingham, May 24, at noon.

MARTIN-BLACK (wire rope manufacturer)—Results for 1978, with prospects, reported April 25. Group fixed assets £3.67m (£3.59m), net current assets £3m (£2.47m). Working capital decreased £0.16m (£1.07m). Meeting, Coatbridge, May 25, 12.30 pm.

CATALIN (foundry binders and coatings)—Results for 1978 already known. Fixed assets £1.81m (£1.84m). Net current assets £1.45m (£0.83m). Increase in working capital £0.88m (£87,000). Wix International Corpn. (U.S.) owned 37 per cent of capital at March 30, 1979. Meeting, Waltham Abbey, May 25, at noon.

ALTIFUND (investment trust)—For year to March 31, 1979, net revenue £292,122 (£325,781) before £131,690 (£112,781) tax. Gross revenue £424,264 (£350,737). Final dividend on 50p income shares 6.7p (5.3p), making 10p (8.3p).

MAPLE AND CO. (HOLDINGS) (retail store proprietor)—Results for 53 weeks to February 3, 1979, reported April 20. Group fixed assets £5.68m (£5.44m). Net current asset £2.27m (£1.53m). Meeting, Winchester House, EC, on May 25 at noon.

ELLIS AND MCHARDY (solid fuel distributor, etc.)—Turnover for six months to January 31, 1979, £5,439,359 (£6,107,623), pre-tax profit £135,963 (£147,821), profit after tax £53,095 (£70,954). Earnings per 25p share 4.42p (6.42p).

TAYLOR PALLISTER AND CO. (engineer etc.)—Results for 1978 already known. Group fixed assets £336,481 (£264,643), net current assets £651,380 (£580,591). Meeting, Newcastle upon Tyne, May 24 at 11 am.

BAMFORDS (agricultural machinery)—Results for 1978 already known. Group fixed assets £4.03m (£3.76m), net current assets £3.58m (£3.09m). Meeting, Uttoxeter, May 25, at 11 am.

REYLON (bedding and plastic foam)—Results for 1978 published March 20. Fixed assets—freehold property £0.9m (£0.83m), plant and equipment £0.82m (£0.57m). Net current assets £2.71m (£2.41m). Increase in working capital £0.32m (£0.57m). Chairman says year has started well with turnover showing substantial increase over last year. Meeting, Wellington, Somerset, May 25, at noon.

GENERAL INVESTORS AND TRUSTEES—Results for year to January 31, 1979, reported April 14. UK listed investments £15.42m (£16.25m). Listed abroad £9.8m (£7.42m). Unlisted in equities £1.13m (£0.9m). Unlisted in other investments £128,459 (£47,789). Meeting, 1, Laurence Pountney Hill EC, on May 24, at noon.

BREEDON AND CLOUD HILL LIME WORKS—Results for year to January 31, 1979, reported March 31. Group fixed assets £1.24m (£1.17m), net current assets £739,424 (£597,512). Working capital increased £137,810 (£23,246). Chairman says company is well placed to take advantage of opportunities as they arise. Planned capital expenditure is some £250,000 and will increase. Meeting, Breedon-on-the-Hill, May 25, at 11 am.

BANK RETURN

—	Wednesday May, 2 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	25,032,081	+ 1,566,768
Special Deposits	256,735,000	—
Bankers Deposits	449,229,785	+ 63,336,574
Reserves & other Accounts	617,591,388	— 2,766,658
	1,364,131,254	+ 62,136,684
ASSETS		
Government Securities	819,897,230	+ 79,720,000
Advances & Other Accounts	362,743,537	— 10,215,726
Premises Equipment & Other Secs.	168,262,803	+ 74,689
Notes	13,041,515	— 7,436,211
Coin	186,169	— 6,068
	1 364,131,254	+ 62,136,684
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	9,150,000,000	— 50,000 000
In Circulation	9,136,958,485	— 42,563,789
In Banking Department	13,041,515	— 7,436,211
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,591,266,296	— 269,850,700
Other Securities	1,547,718,604	+ 219,850,700
	9,150,000,000	— 50,000,000

BIDS and DEALS

U.S. stake in Ault & Wiborg reaches 46%

Sun Chemical Corporation has acquired a further 2 per cent of the shares in printing ink manufacturer Ault and Wiborg.

This takes the U.S. company's total stake to a fraction under 46 per cent but last night a senior executive in New York said that Sun had no intention "at the moment" of launching a full scale bid.

Sun, which bought a 25 per cent stake in Ault and Wiborg back in 1973, acquired a further 15 per cent before the Stock Exchange required parties with more than 30 per cent of a company to make a formal offer for the rest of the shares.

Sun is allowed to buy a further 2 per cent each year but it increased speculation last November by indicating that some of the proceeds of a $40m debenture stock might be invested in Ault and Wiborg.

Mr. Stuart Krinsley, a vice-president of Sun and also a non-executive director of Ault and Wiborg, pointed out yesterday that the Securities and Exchange Commission had required Sun to list every conceivable use for the money. "Ault and Wiborg was just one of a whole host of possibilities," he added.

Ault and Wiborg recently announced record pre-tax profits of £3.09m (£2.12m) for 1978. Sun's income before extraordinary credits totalled $13.5m on net sales of $393m in the same period.

SHARE STAKES

Birmingham and Midland Counties Trust, the private company owned by Mr. Graham Ferguson Lacey, has increased its stake in Brooke Tool Engineering to 24.36 per cent from 23 per cent.

Bernard Matthews — London Assurance Company—member of Sun Alliance and London Insurance Group—holds 210,000 shares (5.25 per cent).

Whessoe: Kuwaite Investment Office has sold 40,000 shares leaving an interest in 495,000 shares (5.48 per cent).
Nominees (M and G Group) holds 685,000 shares (6.14 per cent).

Alexander Howden Group: Mr. B. J. Danzer, director, sold 32,000 beneficial shares at 130p on March 13.

Associated Dairies: Mr. E. E. Binns, director, *has disposed of* 50,000 shares.

Trafford Park Estates: Outwich Investment Trust holds 989,560 shares.

Record Ridgway: Barclays Martin-Black — Scottish Amicable Life Assurance Society is interested in 380,000 shares (5.8 per cent). Mr. G. McKibbin, *director, has purchased a further* 2,000 shares.

Gwent Enterprises—Mr. C. M. Metcalf, chairman, disposed of *50,000 shares on April 26.*

SIME DARBY STAKE IN UTD. MALAYAN INSURANCE

Sime Darby Group intends to invest some M$9m (£2m) to acquire a controlling interest in United Malayan Insurance Company, an unlisted company which conducts an extensive general insurance business in Malaysia and Singapore.

Sime recently acquired a 25 per cent interest in the company with the purchase of 1m of UMI's 4m shares at $1.90 per share.

The director general of insurance in Malaysia has authorised UMI to issue an additional 4m shares to Sime at $1.90. This would bring Sime's stake in UMI to 62.5 per cent of the enlarged capital, at a total cost of $9.5m.

B. & C./COMMON

British and Commonwealth Shipping Company's 200p a share offer for the ship owning to insurance broking group Common Brothers has been accepted in respect of a mere 13,475 shares (roughly half a per cent).

B and C already owns direct or indirect 1.018m Common Brothers shares (just under 25 per cent). The offer is now being extended until May 18.

A.C.E./LILLEY

The share listing of A. C. E. Machinery (Holdings) has been restored following the announcement of a £[illegible]m agreed offer from F. J. C. Lilley.

DALGETY

Dalgety announce that the agreement for **Dalgety Inc.** to acquire from the **Clorox Company** the Martin-Brower Company has been completed.

The purchase was completed for a cash payment of some $40m, an amount equal to *Martin-Brower's current net* book value.

MATTHEW BROWN

Matthew Brown and Company, brewers, of Blackburn, has declared unconditional offers made for three subsidiaries. It *holds 93.6 per cent of the preference capital of the Cleator Moor* Brewing Company; 98.3 per cent of the preference capital of Henry Spencer and Company; and 96.1 per cent of the "A" *preference capital of the* Workington Brewery Company.

COMFORT'S DUTCH EXPANSION

Comfort Hotels International announce that negotiations have been finalised to lease the 90-room Noordzee Hotel in Noordwijk, a conference town and resort in Northern Holland.

LOW AND BONAR EXPANDS IN CANADA

In a £743,000 cash deal, the *Low and Bonar Group's Canadian* packaging subsidiary, Bonar and Bemis, has acquired a 67 per cent stake in **Rosedale Plastics (Containers)** *of* Ontario. The company is a leading producer in Canada of rotationary moulded plastic containers, tanks and *custom-moulded* products for a wide variety of industries.

Mr Brian Gilbert, chief executive of Low and Bonar, which also operates internationally in engineering and textiles, said this expansion in Canada brought the group into new areas of the packaging and material handling industries.

"Rosedale exports a substantial part of its output to the *United States," he added, "operating* through its U.S. subsidiary. It will therefore provide us with a useful export platform to this important market."

Bonar and Bemis, and its associate company, Bonar Packaging, operate 12 plants and 16 sales offices across Canada for the production of flexible packaging, folding cartons and packaging machinery.

INCREASED OFFER FOR JANTAR

Mr. Edward Nassar, a director of tin and columbite mining concern **Jantar**, has increased his offer for the 70 per cent of the *company which he does not* already own.

His original offer of 9½p made in March is to be increased to 10p. The new offer values the group at £196,000.

Mr. Nassar improved the offer after a board meeting of the company, which he attended, to consider the accounts for 1978.

In making his decision Mr. *Nassar has taken into consideration* the net asset value as shown in the accounts of 10p per share which is excess of the estimated *figure at the time he made his* purchase of shares.

His original bid had been made because a purchase of *1,000* shares took Mr. Nassar's holding to 588,500 shares, about 30.5 per cent of the equity, which required a bid to be made under the takeover code.

The results of Jantar for 1978 showed a loss of £111,351 (loss 105,131). No dividend has been declared.

Matthews Wrightson renegotiates charter

Matthews Wrightson, the international insurance broker and shipping group, has renegotiated its ship charter agreements with Bergen Shipping Partners.

Matthews Wrightson's subsidiary, Galbraith Wrightson, has three oil tankers on long-term charters. Galbraith Wrightson *chartered the three ships and* sub-chartered them on to a partnership of six Norwegian shipowners, Bergen Shipping *Partners.*

Two of the tankers are 120,000 dwt each and are bareboat-chartered to Galbraith Wright*son until 1989 at $2.2m each per* annum and the third is of 151,000 dwt bareboat-chartered until 1991 at $2.1m per annum.

Under *existing arrangements* the individual partners of Bergen Shipping are jointly and severally liable to Galbraith Wrightson in respect of its obligations under the charters.

Although two partners of Bergen Shipping have ceased making their payments, all-time charter hire due to date has been met in full by the other four partners—Det Bergenske Dampskibsselskab ("Bergenske"), Westfal-Larsen and Co. A/S, A/S Billabong and Joachim Grieg and Co.

The three vessels are now *fixed on a time-charter from* Bergen Shipping to major American companies, two for a period of one year, and the other for a period of two years. The rates achieved should cover the full operating cost element and part of the balance of the time-charter hire.

The main modifications to the charter arrangements are:

- The total annual amount of time charter hire due from Bergen Shipping will be reduced initially by $925,000 and by lesser sums in subsequent years up to 1991.
- The four partners now meeting in full the obligations of Bergen Shipping will be released from their joint liability *but will remain severally liable* to Galbraith Wrightson and Matthews Wrightson Holdings with Bergenske and Westfal-Larsen *each* being responsible for 33⅓ per cent and Billabong and Grieg each for 16⅔ per cent of Bergen Shipping's obligations.
- *These four partners will also* procure from leading Norwegian banks joint unconditional and irrevocable guarantees towards *their obligation for an initial* amount of $18.5m reducing annually over the period up to 1991.

RANSOMES SIMS

At the AGM of **Ransomes Sims and Jefferies** Mr. G. W. Rose, *chairman, said that in the light* of results for the first four months, the group was on target to achieve the improved result *already forecast.*

APPOINTMENTS

BOND DRAWINGS

ELECTRICITY SUPPLY COMMISSION—ESCOM

9¼% 1970/1980 UA 12,000,000

On April 20, 1979, Bonds for the amount of UA1,115,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon No. 10 attached on and after June 28, 1979.

The drawn debentures are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 7856 to 11903 incl.

Amount purchased on the market: UA85,000.—

Amount outstanding: UA1,200,000.—

Outstanding Drawn Bonds: 1988 to 1990 incl. 2634 and 2635. 3044 to 3046 incl. [illegible]

The Trustee FNIMTRUST S.A. Luxembourg, May 4, 1979.

SOCIETES DE DEVELOPPEMENT REGIONAL—SDR

8¼% 1971/1986 UA12,000,000

Bonds for the amount of UA551,000 have been drawn for redemption in the presence of a Notary Public on April 20, 1979. The Bonds will be reimbursed at par value, Coupon No. 8 and following attached on and after July 6, 1979.

The drawn debentures are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning at 4426 to 5982 included.

Amount purchased in the market: UA249,000.

Bondholders are informed that Sociétés de Développement Régional—SDR will in accordance with the terms and conditions of the loan, prepay on July 6, 1979, the amount [illegible] after the above drawing (i.e. UA6,000,000) at 102 per cent.

Outstanding drawn Bonds: 7808. 7812. 7828. 7856 and 7857. 7873. 7881. 8751. 9751. 9929 and 9930. 9991 to 9996 incl. 10015 to 10018 incl., 10025. 10080. 11441 to 11444 incl. 11534. 11535 to 11537 incl., 11602 to 11605 incl., 11612 and 11615.

Fiscal Agent KREDIETBANK S.A. Luxembourgeoise Luxembourg, May 4, 1979.

IRELAND 20,000,000 EUROPEAN UNITS OF ACCOUNT

9¼% 1974/1984 BONDS

On April 20, 1979, Bonds for the amount of UA1,000,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon No. 6 and following attached on and after June 12, 1979.

The numbers of the drawn Bonds are as follows: 14231 to 15230 incl.

Amount outstanding: UA15,000,000.

Outstanding drawn Bonds: 5443 to 5447 incl., 5449 to 5461 incl. [illegible]

The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise Luxembourg, May 4th, 1979.

LEGAL NOTICE

IN THE MATTER OF ELMACRE LIMITED t/a Roots from London AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 4th day of June, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned: LEONARD CYRIL CURTIS, FCA, of 3/4 Bentinck Street, London, W.1. the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 23rd day of April, 1979. LEONARD CYRIL CURTIS, Liquidator.

COMPANY NOTICES

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

NOTICES TO MEMBERS

Annual General Meeting

Notice is hereby given that the forty-second annual general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg on Friday, June 8 1979 at 11h30 for the following business:

1. To receive and consider the annual financial statements of the company and the group annual financial statements for the fourteen months ended February 28, 1979.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution, namely:

"That the directors be and they are hereby authorised:

(i) To allot and issue all or any portion of the 247 988 unissued ordinary shares of R1 each and of the 35 000 000 unissued redeemable cumulative preference shares of 10 cents each in the capital of the company, at such time or times to such person or persons and upon such terms and conditions as they may determine.

(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by the underwriters of:

(a) any shares in the company offered by way of rights issues but not taken up by the persons entitled thereto; and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on the Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the company."

Holders of share warrants to bearer wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak, and, on a poll, vote in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

The transfer registers and registers of members of the company will be closed from May 29 1979 to June 8 1979 both days inclusive.

General Meeting

Notice is hereby given that a general meeting of the members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg on Friday June 8 1979 at 11h45 or immediately following the termination of the annual general meeting of the company convened for 11h30, whichever is the later, for the purpose of considering and, if deemed fit, of passing, with or without modification, the following resolution as a special resolution:

"That the new articles of association of the company submitted to the meeting, the first page of which has been signed by the chairman of the meeting for the purpose of identification, are adopted as the articles of association of the company in substitution for the existing articles of association."

The reasons for proposing the above special resolution and the effect thereof are given in the report of the directors.

Holders of share warrants to bearers wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak, and, on a poll, vote in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

The transfer registers and registers of members of the company will be closed from May 29 1979 to June 8 1979 both days inclusive.

By order of the board

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Secretaries

per H. J. E. Stanley

Companies Secretary

May 3 1979

London Office: 40 Holborn Viaduct EC1P 1AJ

COMPANY NOTICES

THE PHILIPPINE INVESTMENT COMPANY, S.A.

société anonyme

Registered Office: LUXEMBOURG, 14, rue Aldringen

Registre de Commerce Section B No. 6.198

DIVIDEND ANNOUNCEMENT

The Philippine Investment Company S.A. will pay a 30 cents U.S. dividend per share on or after May 7th, 1979, to holders on record on April 27th, 1979. Shares will be traded ex-dividend after April 27th, 1979. The dividend is payable to holders of bearer shares against presentation of coupon number 3 at: Banque Générale du Luxembourg, 27 avenue Monterey, Luxembourg.

Registered shareholders will receive their dividend by cheque from the company.

The Board of Directors.

SOFINA

Société Anonyme (Limited Company) Registered Office: 38 rue de Naples, Ixelles-Bruxelles

Register of Commerce of Brussels No. 37018

Dividend in respect of the Financial Year 1978, fixed at Francs 225 net [illegible] will be payable on or after May 7th, 1979 [illegible] against presentation of coupon No. 37.

Payment will be made in London at: Banque Belge Limited, 4 Bishopsgate, London EC2N 4AD. Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN.

NOTICE OF RATE OF INTEREST

BANQUE EXTERIEURE D'ALGERIE U.S.$40,000,000 FLOATING RATE NOTES DUE 1985

[illegible]

By: CITIBANK, N.A., LONDON Agent Bank

4th May, 1979.

PUBLIC NOTICES

CITY OF BRADFORD METROPOLITAN COUNCIL

[illegible]

Companies and Markets

MINING NEWS

Amgold riding on the crest of the wave

BY KENNETH MARSTON, MINING EDITOR

CONFIDENCE IN the prospects for South Africa's gold and uranium producers is again expressed by Mr. J. Ogilvie Thompson in his chairman's statement with the annual report of Anglo American Gold Investment (Amgold), the major holding company in which Anglo American Corporation has a stake of 48 per cent.

He points to the further rise in gold prices this year—which has occurred in terms of all currencies—to an average of just under $240 per ounce compared with last year's average of $193. Furthermore, the recent tax reductions in South Africa could increase distributable profits of the higher tax paying mines by nearly 10 per cent.

His statement was written just before the U.S. Treasury announced that its monthly auctions were to be reduced from 1.5m ozs — South Africa's total production in March was 1.9m ozs — to 750,000 ozs. But on the basis of the higher figure he still felt that the market could absorb the supplies although he suggested "a degree of caution" regarding forecasts of the price after its previous sharp rise.

In Johannesburg on Wednesday, Mr. Dennis Etheredge, chairman of Anglo American's gold division, went a little further. Saying that this month's U.S. Treasury gold auction would be crucial to gold price performance over the next year or so, he saw a gradual upward price trend. And he thought that if the subscription rate at the auctions was maintained at around the past level of 2m ounces there was a possibility that the price could breach $300 this year.

At all events, Mr. Ogilvie Thompson makes the point that: "Perceptive observers have not failed to recognise the irony of the fact that from April, 1978, the time of gold's formal expulsion from the international monetary system as a result of the ratification of the second amendment to the IMF Articles, private holders have demonstrated their faith in gold as a substitute store of value .... The major central banks, which had become free to deal in gold have, with the exception of the United States and Portugal, held their gold and a few have begun to value it at market-related prices."

Because of the new mines coming on stream South Africa's gold production this year is expected to rise from around 700 tonnes to about 720 tonnes on its way towards 750 tonnes. Importantly, the industry is achieving success in restraining the rise in working costs which increased by 13.7 per cent last year compared with 20.5 per cent in 1977 and there are signs that the rising trend of labour turnover is being reversed.

Turning to uranium, Mr. Ogilvie Thompson points out that its cost represents only a minor part of the total nuclear energy generation and distribution costs. Despite the expected increase in world production of the material he reckons that South Africa will maintain its position in the world market.

Meanwhile, the Anglo group is to take a decision this year on the viability of a small secondary uranium deposit in the north-west Cape. And "interesting results" have been obtained at secondary deposits at Tubas in the Swakopmund area of Namibia (South West Africa) in a venture with Minatome and Omitaramines of France.

● comment

Because of the changed timing of dividend revenue Amgold's earnings of R71.5m (£40.7m), equal to 318 cents per share, for the 14 months to February 28 were representative of a year's income. In the current 12 months to next February there should be a further increase in revenue—providing there is not severe setback in the bullion price—and earnings of above 370 cents are on the cards. This would indicate a rise in the dividend from 250 cents to a minimum expectation of 300 cents. At the current London cum-premium price of £16¾ the shares yield 8.5 per cent, a return which would rise to just over 10 per cent on a 300 cents dividend. These yields are, of course, below those offered by individual mines but Amgold also offers the benefits of participation in new mining ventures, a spread of investments and an asset value currently equal to 4,250 cents (£24½) per share. For believers in South African gold and uranium the shares are not over-priced.

Exploration

Including share of associates of £175,191 against £182,258, pre-tax profits of Exploration Company expanded from £702,992 to £780,287 in 1978.

Tax for the period took £359,408 (£328,245) and £361,457 (£321,542) is retained.

As already announced the dividend is raised from 0.4947p to 0.5525p net at a cost of £59,422 (£53,205).

Pre-tax profits of the associated company, El Oro Mining and Exploration Company, rose from £544,471 to £566,937.

Tax absorbed £257,065 (£249,976) and the dividend of 1.105p (0.9895p), already announced, took £49,033 (£43,908).

Group assets of Exploration, taking investments at market value were £6.42m (£5.92m) and of El Oro £4.59m (£4.26m).

Amax promises income growth

AMAX, the diversified U.S. minerals group whose fortunes have been based on molybdenum, has indicated that earnings growth will be strong well into the next decade.

Mr. Pierre Gousseland, the chairman, who has already predicted a record 1979, told shareholders at the annual meeting in New York yesterday that "the earnings outlook is just as promising for the 1980s."

Net earnings rose 34 per cent last year to $160m (£77.3m) and during the 1979 first quarter there was a net income of $76.1m.

But shareholders were warned not to be deceived by the current level of metal prices. Although they had recovered in many cases from unduly depressed levels, Mr. Gousseland said that, to a large extent, they merely offset higher operating environmental, regulatory capital costs.

In this respect, Mr. Gousseland is echoing the comments of Mr. John Du Cane, the chairman of Selection Trust, which holds 8.3 per cent of Amax.

Asamera finds more uranium drill targets

EXPLORATORY drilling at Asamera Oil's joint uranium venture with Saskatchewan Mining Development Corporation, Kelvin Energy and Reserve Oil and Minerals in northern Saskatchewan has encountered radioactive mineralisation on two additional anomalies.

Visually indicated ore grade mineralisation has been found over a 3.9 metre drill length at a depth of 92 metres, some 8,000 metres north-north-east of the group's Dawn Lake areas.

At the second anomaly, 6,000 metres south-west of Dawn Lake, high radioactivity is reported over a two metre interval at a depth of 177 metres. Test results have not yet been received.

Meanwhile, drilling in the Dawn Lake area has now encountered mineralisation in 28 of 59 holes over a 550 metre strike length. The mineralised zone, as already reported, shows some discontinuity and irregularity. It ranges up to 70 metres in width (thickness).

Past assay results from the drilling have been erratic, varying from a modest 2.6 lbs uranium oxide per ton over a core length of 7 feet to a high 33.8 lbs over an interval of 29 feet. Interest remains high with Saskatchewan generally shaping up as one of the world's major uranium areas.

ROUND-UP

Following a sharp increase in 1979 first quarter earnings at Texasgulf, the diversified U.S. group, Dr. Charles Fogarty, the chairman, said earnings this year could be double those of 1978. The group was selling all it could produce and metals should remain in strong demand, barring a dramatic slowdown in the U.S. economy during the second half, he added.

* * *

Dome Petroleum is making an offer of C$120 a share for 650,000 shares in Dome Mines, the Toronto group, thus raising its equity holding to 41 per cent from 31 per cent.

RTZ Alaska puzzle

RIO TINTO-ZINC, the London-based international mining house, has within its grasp a significant diversification into molybdenum if the U.S. authorities abandon the designation of "national monument" given to the land covering the deposit in Alaska.

It has been known for some time that the deposit is important, but the annual report, published today, notes that it "is undoubtedly one of the major molybdenum deposits in the world." It has "great potential economic value."

Estimated reserves at the deposit, Quartz Hill, are put at 700m tons grading 0.15 per cent molybdenum disulphide with a substantial tonnage of higher grade material. It is such figures which have led RTZ to vaunt the deposit more aggressively.

Further, by stressing the value of the deposit, the group is also adding weight to the case of the Alaskan state authorities in their efforts to have the Quartz Hill area excluded from the "national monument" category when the Congress reconsiders the Alaska Lands Bill.

Regardless of any legal and technical factors related to the deposit, the group might feel reluctant, however, to embark on any heavy investment programme. This is because of anti-trust proceedings in the U.S. started in 1976 by Westinghouse Electric over the existence of an alleged uranium cartel and involving RTZ companies among the 29 defendants.

RTZ companies are also involved in an action brought by the Tennessee Valley Authority. The annual report follows the line consistently adopted by RTZ: that it denies jurisdiction and liability (except for two U.S. registered companies) and hence makes no provision in its accounts.

But the 1978 report differs from that of 1977 in that it omits the statement "it is not considered that any loss will result from the proceedings."

Clearly the existence of such legal proceedings is a deterrent to major capital spending in the U.S. at a time when RTZ Borax, the group's U.S. unit, is making a greater contribution to group earnings. The U.S. operations contributed 24.2 per cent of net attributable profits last year compared with 10.2 per cent in 1977. Its contribution was capped only by Australia and New Zealand with 24.7 per cent, down from 36.5 per cent the previous year.

Molybdenum does not figure in the list of materials contributing to group income—that is some years away. But the role of the U.S. is re-emphasised by the fact that last year borax and chemicals contributed 35.9 per cent to net profits against 21.9 per cent in 1977, followed by aluminium with 18.3 per cent against 24.2 per cent, copper and gold with 15.3 per cent against 15.8 per cent and uranium with 12.1 per cent against 8.9 per cent.

The growing importance of uranium is tied not only to expansion at Rio Algom in Canada and the resumption of profits from Mary Kathleen Uranium in Australia, but also to the first profit from Rossing Uranium in Namibia (South West Africa).

Rossing produced 3,500 tons of uranium oxide, well below the original target for the year. A fire wrecked a solvent extraction plant. The replacement costs and loss of revenue were covered by insurance of £8.5m.

The chances of reaching the 5,000 tonnes a year capacity at the mine may be touched on by Sir Mark Turner, the chairman (salary £64,000 in 1978, £60,000 in 1977), when he gives his statement to the annual meeting on May 30.

FOOD PRICE MOVEMENTS

	May 3 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,120	1,120	1,090
British A.1 per ton ...	1,065	1,065	1,035
Ulster A.1 per ton† ...	1,065	1,065	1,035
BUTTER			
NZ per 20 kg ...	14.11/14.24	14.11/14.24	—
English per cwt† ...	81.65	81.65	81.65
Danish salted per cwt† ...	85.10/87.85	85.10/87.85	83.10-85.85
CHEESE*			
NZ per tonne ...	—	—	—
English cheddar trade per tonne ...	1,455	—	—
EGGS*			
Home produced:			
Size 4 ...	2.90/3.10	2.80/3.10	3.15/3.40
Size 2 ...	3.30/3.40	3.50/3.30	3.40/3.60
	May 3 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF ...	58.0/62.0	57.0/60.0	54.0/58.0
Eire forequarters ...	37.0/38.0	37.0/40.0	34.0/37.0
LAMB			
English ...	—	—	90.0/96.0
NZ PLs/PMs ...	50.0/51.0	48.5/50.0	49.0/49.5
PORK			
All weights ...	34.0/45.0	33.0/45.0	34.0/45.0
POULTRY			
Oven-ready chickens ...	39.0/41.0	38.5/42.0	38.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery May 5-12.

Austrian Government International Loan 1930

Assented Sterling Bonds

Final Redemption of Bonds

NOTICE IS HEREBY GIVEN that the remaining £51,900 nominal Assented Sterling Bonds of the above Loan are repayable in satisfaction of the Sinking Fund for the Financial Year 1978/79.

The Bonds carrying the numbers mentioned below are repayable at £103 per cent from 1st July 1979 at the offices of Morgan Grenfell & Co. Limited, London and Bank Mees & Hope NV, Amsterdam. Bonds presented for redemption should have all unmatured coupons attached. No further interest will accrue from that date.

BONDS REPAYABLE

4 bonds of nominal value of £1,000

Bond Number	(corresponding Coupon Sheet Number) (C)	Bond Number	(corresponding Coupon Sheet Number) (C)	Bond Number	(corresponding Coupon Sheet Number) (C)	Bond Number	(corresponding Coupon Sheet Number) (C)
21802	70	21905	82	21958	56	22377	4

32 bonds of nominal value of £500

Bond Number	(corresponding Coupon Sheet Number) (B)	Bond Number	(corresponding Coupon Sheet Number) (B)	Bond Number	(corresponding Coupon Sheet Number) (B)	Bond Number	(corresponding Coupon Sheet Number) (B)
20037	168	20064	191	20139	194	20224	195
20259	202	20274	279	20362	379	20367	394
20372	389	20394	421	20395	422	20408	435
20420	442	20425	453	20431	458	20440	467
20443	470	20679	168	20688	167	21063	213
21086	215	21180	148	21180	219	21191	258
21192	220	21212	268	21182	263	21624	263
21598	231	21728	273	21729	233	21760	176

319 bonds of nominal value of £100

Bond Number	(corresponding Coupon Sheet Number) (A)	Bond Number	(corresponding Coupon Sheet Number) (A)	Bond Number	(corresponding Coupon Sheet Number) (A)	Bond Number	(corresponding Coupon Sheet Number) (A)
58	706	70	505	104	708	116	720
120	724	124	728	125	729	131	735
189	2643	198	745	206	747	283	1858
503	5081	524	752	984	416	1025	754
1030	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1285	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2455	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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2843	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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3671	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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17085	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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18895	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19418	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19813	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The following Bonds drawn for previous Sinking Funds have not yet been presented for payment:—

1973/74 Sinking Fund: Bond No. 4707/A356 to be presented with 1st January 1976 and subsequent coupons attached.

1975/76 Sinking Fund: Bonds Nos. 4046/A15 and 4706/A355 to be presented with 1st January 1977 and subsequent coupons attached.

1977/78 Sinking Fund: Bonds Nos. 3518/A202, 3520/A203 and 4047/A16 to be presented with 1st January 1978 and subsequent coupons attached.

NOTE: Any Bonds presented for redemption in London should be lodged at the Office of Morgan Grenfell & Co. Limited during business hours for payment through an Authorised Depositary. Bonds cannot be accepted through the post.

The usual interval of four clear days will be required for examination.

Office of Morgan Grenfell & Co. Limited, London. 4th May, 1979.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Pan Am boosts National bid to $428m

By John Wyles in New York

PAN AMERICAN World Airways yesterday boosted its agreed takeover price for National Airlines from $41 to $50 per share, in a move designed to forestall possible objections at National's stock holder meeting on May 16.

Two other suitors for National, Eastern Airlines and Texas International Airlines (TXIA) have already bid $50 per share, and the merger agreement with Pan Am at $41 has seemed anomalous in comparison. None of the bids can go ahead until the Civil Aeronautics Board makes a final decision on the respective applications, which would then have to be endorsed by President Carter.

But Pan Am has been national's choice of partner since last summer, when the starting offer of $35 per share was raised to $41. TXIA's bid of a $35 debenture plus $15 per share cash is being vigorously opposed by National, which filed suit in a district court in Miami on Tuesday seeking to prevent the full CAB from even considering the application from the small regional airline.

However, Eastern's offer is also in cash, and last Friday National agreed with its rival on New York-Florida routes that Eastern's bid would be accepted if the union was blessed by the CAB and the President. If both Eastern and Pan Am won government approval, then National will conduct an auction.

The $50 a share bid values National at about $428m compared with a net worth of $204.1m. But National's 52-strong fleet of modern jets has been priced by TXIA at $76.27 per share. Both Pan Am and National have bought about 24 per cent of National's stock in the open market, but neither could vote their holdings at the May 16 meeting without CAB permission.

A CAB administrative law judge recommended early last month that both TXIA and Pan Am's applications should be turned down

GPU tackles nuclear accident costs

BY DAVID LASCELLES IN NEW YORK

WHILE ITS engineers continue to grapple with the problems of the Three Mile Island nuclear power plant, General Public Utilities' executives are trying to stave off a financial crisis resulting from the huge cost of the accident.

The company is pressing the Pennsylvania utility regulators to grant it a sizeable rate increase so that part of the cost can be passed on to its customers. The demand follows GPU's decision at the end of last month to cut salaries and dividends as part of a sweeping economy drive.

Mr. John Graham, GPU's treasurer, told a rate hearing on Wednesday that the rate increase was also essential if GPU was to secure the large credit lines it is negotiating with several banks in order to shore up its finances.

He said the company was seeking credit lines totalling some $450m, of which $115m had so far been tentatively committed by Citibank and Chemical Bank.

However, he emphasised that the bank would only extend credit if it could be repaid out of additional rate revenues.

Among the arguments being put by GPU to the hearings, which continue until May 30, is the fact that the company is having to purchase power from other utilities to make up for lost generating capacity at Three Mile Island. The cost of this amounts to an average of about $10m a month.

The company also wants part or all of an earlier rate increase of $49m, which the regulators suspended after the accident because it was contingent on Three Mile Island being in operation.

Although the accident affected only one of Three Mile Island's two reactors, the second was closed for refuelling at the time and has not been started up again pending investigations of the accident.

GPU says the unharmed reactor is unlikely to be back in operation this year, while the damaged one will not even bear close investigation for at least a year.

The outcome of the GPU hearings could be crucial for other utility operators, because it will give a clue as to how regulators view the question of passing on costs where nuclear accidents are involved.

The opening of the hearings coincided with a report by the Nuclear Regulatory Commission that at least 15 nuclear plants have problems with pipes that leak radioactive water from their cooling systems.

New president for Max Factor

BY OUR NEW YORK STAFF

MAX FACTOR, Norton Simon's troubled cosmetics unit, is now under the leadership of its third president in 12 months, following the recent death of 47-year-old Mr. Dale Ratliff.

Like his two predecessors, the new Max Factor president, Mr. Robert J. Kamerschen, is a former executive of the rival cosmetics manufacturer Revlon, which has recently been much more successful than Max Factor.

Mr. Kamerschen has taken over from Mr. Ratliff, who died suddenly last month after only about four months in the post.

Mr. Ratliff's appointment last November ended a lengthy search for a successor to Mr. Samuel Kalish, who resigned a year ago following a sharp deterioration in Max Factor's performance.

Much of this deterioration was attributed to a new line of cosmetics, "Just Call Me Maxi" which was launched in the autumn of 1977 with a virtually unprecedented advertising and marketing budget of $10m. This proved an unexpected flop from which Max Factor has not yet recovered. Returns of products from retailers are still apparently running at a high rate, and analysts are now projecting a loss at Max Factor for the fiscal year ending June 30 of $6m to $7m on sales of around $400m.

Announcing late last month a 5 per cent gain in Norton Simon's net income for the quarter ending March 31, Mr. David Mahoney, the company's chairman, said that Max Factor's losses owed much to increased promotional spending in the U.S. and abroad, a high level of returns and unsatisfactory manufacturing costs in domestic operations.

RESULTS IN BRIEF

Sharp first-quarter rise for Norton

NEW YORK — The abrasives manufacturer Norton Company has reported a sharp upturn in net income for the first quarter of 1979. On sales revenues ahead from $219.2m to $270.7m, net income climbed from $14.71m or 90 cents a share to $23.3m or $1.42 a share.

For the same period, building materials and interior furnishing company Armstrong Cork turned in per share earnings of 65 cents against 56 cents, offshore drilling concern Global Marine more than doubled earnings from 25 cents to 57 cents, and brewer Adolph Coors rose from 14 cents to 34 cents.

Also for the first quarter, soft drinks manufacturer Royal Crown Companies advanced from 27 cents to 41 cents, Scott Paper rose from 43 cents to 50 cents, and the utility Niagara Mohawk Power Corporation moved ahead from 73 cents to 86 cents.

The Canadian steelmaker Algoma Steel lifted first quarter earnings from 94 cents to $1.51, and also in the same period Norfolk and Western Railway Company recovered from a loss last time to a per share profit of $1.48.

For the third quarter of its current financial year, computer manufacturer Digital Equipment advanced from 87 cents to $1.07, while for the first nine months engine and lock maker Briggs and Stratton rose from $1.94 to $2.59.

Agencies.

Fairchild Camera discusses Gould bid

By Stewart Fleming in New York

THE BOARD of Fairchild Camera and Instrument was meeting yesterday to determine its attitude towards the $300m takeover bid for the company announced last week by Gould, an Illinois-based electronics company.

Fairchild's shares have been firm throughout the week with speculators backing their judgment that the Fairchild board would oppose the offer of $54 a share. Yesterday morning the stock fell $1 in active trading to $53⅞. A price so close to the level of the proposed offer strongly suggests that investors believe the Fairchild board will fight for better terms or seek a rival offer.

Analysts on Wall Street do not rate Fairchild's chances of beating off the Gould bid particularly highly. Gould is seen as a determined pursuer of takeover targets while Fairchild's performance in recent years is criticised.

There have already been unconfirmed reports that Fairchild's investment bankers, Salomon Brothers, have been seeking rival suitors or "white knights" who might make more attractive partners for Fairchild.

Fairchild will have to prepare to defend any decision it makes publicly to shareholders immediately.

General Dynamics earnings up

By Our Financial Staff

GENERAL DYNAMICS, whose majority stake in Asbestos Corporation appears to be on the point of being taken up by the Government of Quebec, has reported an increase of 49 per cent to $29.5m in earnings for the first quarter. Share earnings have risen from 74 cents to $1.08 a share. At $895.6m, sales show a gain of 31 per cent.

The Quebec Government is going ahead with expropriation legislation giving it power to take over the Quebec assets of Asbestos Corporation. Asbestos, second largest fibre producer in Canada, is 54.6 per cent owned by General Dynamics, which has been negotiating with the Government for a possible takeover for three weeks.

The Government earlier indicated that it would pay C$42 a share for the Dynamics stake but Dynamics has said that the stake is worth nearly C$100.

The Government said it will proceed with a second and third reading of the expropriation legislation originally introduced before Christmas. It insisted that passage does not necessarily mean nationalisation because the province wants to continue to negotiate.

● Mr. David S. Lewis, the chairman and chief executive of General Dynamics, told the annual meeting in Fort Worth that the distinct possibility continues that the Government of Quebec will expropriate the group's stake in Asbestos Corporation, reports AP-DJ.

Growth seen at Warner Lambert

NEW YORK — Warner-Lambert Company expects growth of about 10 per cent in profits and a rise in sales of 13-15 per cent for 1979, according to Mr. Ward S. Hagan, chairman and chief executive.

In 1978, the diversified concern earned $207.9m, or $2.61 a share, on sales of $2.87bn.

Prescription drugs should approach annual worldwide sales of $1bn, with 60 per cent of those sales overseas. Warner-Lambert marketed drugs in 140 countries, with its strongest foreign profit and sales centre in West Germany.

AP-DJ

EUROBONDS

Little support for new dollar issues

BY JOHN EVANS

NEW EURODOLLAR bond offerings continued to attract little support from investors, and several current issues moved lower yesterday.

The $150m five-year Norwegian Government note issue, bearing 9⅝ per cent, was initially quoted at 98½ 98⅞, down from the issue price of 100⅛. The offered price produced a yield to maturity of 9.83 per cent.

The $100m 15-year convertible floating rate notes from Manufacturers Hanover Overseas were quoted variously at between 98⅞=99⅛ and 99=99⅜ compared with the issue price of par.

Dealers described this as a reasonably good performance for the offering, the first of its type in the Eurobond market. The note issue had been closed Wednesday, nearly a week ahead of schedule because of heavy demand.

Deutsche-Mark foreign bond issues suffered further weakness, declining by between ¼ and ½ points.

Elsewhere, the planned bond issue of the Republic of Finland on the Swiss capital market from May 8 to 11 has been postponed indefinitely, according to lead manager Union Bank of Switzerland. The Finnish Government had been considering a SwFr 80m 4¼ per cent 10-year bond.

The Amsterdam-Rotterdam LuxFr 250m issue was priced at 99½, with other terms unchanged.

MEDIUM-TERM FINANCING

NatWest arranging $200m six-year loan for Kenya

BY ROSEMARY BURR

THE Republic of Kenya is tapping the syndicated loan market for the first time. National Westminster Bank is arranging a six-year $200m credit for the country. The spread is 1 per cent over six-month London interbank rates.

The loan has a multi-currency option. The grace period is 18 months. Repayments are in ten equal semi-annual instalments.

National Westminster Bank is currently forming a management group. Twenty international banks have been approached to join the deal.

Meanwhile, Chase Manhattan has been given a mandate by Papua New Guinea to raise the country's second syndicated loan. The eight-year $85m credit carries a spread of ⅞ per cent throughout, an improvement on the terms of the previous loan. Papua New Guinea Banking Corporation will act as co-ordinator.

76% surge in loan volume

BY OUR EUROMARKETS STAFF

DESPITE A 76 per cent increase in the volume of syndicated loans managed or co-managed, Manufacturers Hanover Ltd. the merchant banking subsidiary of the big U.S. bank, reported small drop in after-tax profits for 1978.

The report and accounts show that the loan volume rose from $8.2bn to $14.5bn and that the bank's total assets increased from £134m to £176m.

Pre-tax profits was £5.1m, up from £5.03, but earnings slipped from £2.41m to £2.39m.

Mr. John McGillicuddy, chairman, said that he was pleased with this performance. He explained that the result had been achieved in a year of declining margins and a highly competitive climate in the loan syndication market. The Eurobond market had been no less difficult, with rising interest rates and wide fluctuations in exchange rates.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	83½	84	0	−0⅞	9.92
CECA 9⅞ 84-99	50	95⅝	96	−0⅛	−0⅛	9.85
Canada 9 83	450	97⅞	98⅛	0	−0⅛	9.83
Canada 9⅜ 98	350	95¼	96	−0⅛	−0¼	9.96
Comalco Inv. E. 10¼ 91	40	98¼	98¾	0	−0⅛	10.46
Dow Chem. O/S 9⅞ 94	200	97⅛	97⅝	+0⅛	−0⅛	9.96
EIB 9⅜ 98	125	93½	93⅝	−0⅛	−1½	10.14
EIB 9⅝ 86	150	98⅛	98⅝	0	−0½	10.04
EIB 9⅞ 99	100	98¾	99¼	0	−0⅞	10.24
Export Dv. Cpn. 9.85 84	150	100	100½	0	−0½	10.01
Export Dv. Cpn. 9⅜ 84	100	97⅛	97⅝	0	−0⅛	9.94
Eksportfinans 9 86	50	95¾	96¼	0	−0⅛	9.77
Finland 9½ 86	100	97⅛	97⅝	−0⅛	−0⅛	10.01
GTE Fin. 9½ 84	50	97⅞	98⅜	0	−0¼	9.99
Gould Int. Fin. 9⅜ 85	50	98⅛	98⅝	0	−0⅛	9.58
Hospital O/S 9 83	25	97	97½	−0⅛	−0⅛	9.77
Hudson Bay Co. 10 94	50	100	100½	0	−0⅛	9.96
Itel Finance 9¾ 90	30	93½	94	−0⅛	−0⅛	10.71
Itel Finance 10½ 93	40	96½	97	−0⅛	−0½	10.95
J. C. Penney 8½ 83	100	95⅝	96⅛	+0⅛	−0½	9.71
Manitoba 9⅜ 89	75	97	97½	0	−0⅛	9.94
New Brunswick 9¾ 94	75	97½	98	−0⅛	−0⅛	10.04
Newfoundland 10 94	50	99½	100	0	+0⅛	10.03
Norsk Hydro 9⅝ 94	50	94⅞	95⅜	0	−0⅛	9.88
Norway 9¾ 84	150	99⅞	100⅜	0	−0⅛	9.94
Portland 10 84	50	†97⅛	97⅝	+0⅛	−0⅛	10.70
Redland Fin. XW 9½ 91	25	93	93½	−0⅛	−0¼	10.51
Sears Roebuck 9 82	150	98	98½	0	−0¼	9.72
Stockholm 9¾ 94	60	98⅞	99⅜	0	−0⅞	10.10
UK 9⅞ 93	150	94⅝	95⅛	−0⅛	−0¼	9.77

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	91½	92¼	−0½	−0⅛	6.89
Argentina 6½ 88	150	92⅜	92⅞	−0⅛	−0⅛	7.63
Australia 6 88	250	92¼	92¾	−0⅛	−1⅞	7.12
Austria 5¾ 90	150	87⅝	88⅛	−1⅛	−1⅛	7.36
Banco Desarrollo 7¼ 86	100	95⅞	96⅜	+0⅛	0	7.98
Bankamerica 5¾ 90	150	†90½	91	0	−0¼	6.94
Bq. Ext. Algerie 7¾ 85	100	†96	96¾	−1	−1⅛	7.97
Brazil 7¼ 87	150	96⅞	97⅜	−1⅞	−1⅛	7.73
CECA 6 88	150	91½	91⅞	−1⅛	−2	7.26
CECA 7 91	150	96¾	97½	−0⅛	−0¼	7.37
Ch. Manhttn. O/S 6 93	100	92	92½	−0½	−1⅛	6.87
Copenhagen City 6 90	75	89	89¾	−0⅛	−1	7.40
Council of Europe 6¾	130	92⅜	92⅞	+0⅛	−1½	7.35
Denmark 5¾ 85	100	94⅛	94⅞	−0⅛	−1⅛	6.94
Denmark 6½ 89	100	94⅞	95⅜	−0⅛	−1⅛	7.23
EIB 6 90	300	88½	88⅞	−0⅛	−2½	7.53
EIB 6½ 91	200	92⅞	93⅜	−0½	−1	7.38
Eletrobras-Brazil 7 87	100	94⅝	95⅛	−0⅛	−0⅞	7.88
Eurofima 6½ 89	100	96¾	97	−1¼	−3¼	6.98
Finland 6 83	150	97¼	98	−0½	−1	6.61
Hitachi Ship. 5¾ 83	50	95¾	96½	−0⅛	−0⅛	6.74
Indonesia 7 84	100	95⅛	96	−0⅛	−0⅛	8.01
Kobe, City of 5¾ 86	100	94	94¾	−0⅛	−0½	6.76
Aegal Fin. 7 89	150	97½	98¼	−0⅛	−1⅛	7.31
Mitsubishi Petro. 5¾ 85	[illegible]	95⅞	96⅛	−0⅛	−2¼	6.51
New Zealand 6¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Kokan 7¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Steel 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6¾ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petroleo Brazil 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDS Group 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bank Fin. 6½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela 6¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	7.92
Australia 5.6 83	20	[illegible]	[illegible]	[illegible]	[illegible]	7.35
Australia 6½ 88	20	[illegible]	[illegible]	[illegible]	[illegible]	7.84
Finland 6½ 83	10	[illegible]	[illegible]	[illegible]	[illegible]	7.51
Finland 6.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	8.06

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible] 8 85 SDR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dev. Cpn. 10 84 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson Bay [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 86 C$	40	99	99½	−0⅛	−0¼	10.15
R. Bk. Canada 10 94 C$	40	96⅞	97⅜	−0⅛	−0⅛	10.38
Komm. Inst. 7½ 93 EUA	15	97⅛	96⅝	0	−0¼	7.76
Panama 8¼ 93 EUA	20	96½	97¼	0	0	8.60
SOFIE 8⅛ 89 EUA	40	97¼	98¼	−0⅛	0	8.59
Algemene Bk. 6¾ 83 Fl	75	95⅝	96⅛	+0⅛	+0⅛	7.43
CFE Mexico 7¾ 83 Fl	75	97⅜	98⅛	0	0	8.38
EIB 7¾ 85 Fl	75	94¼	95	+0⅛	+0⅛	8.35
Ned. Middbk. 8¼ 84 Fl	75	100½	100⅞	+0¼	+0⅛	8.12
New Zealand 6¾ 84 Fl	75	94½	94⅞	+0¼	+0¼	8.09
Norway 8½ 84 Fl	100	100⅞	101½	+0⅛	+0⅛	7.98
Elf Aquitaine 9¾ 88 FFr	150	98¾	99¼	+0⅛	+0⅛	9.90
EIB 9¾ 88 FFr	200	99	99½	0	0	9.86
Norway 9⅜ 84 FFr	200	99⅛	99⅞	0	0	9.37
PSA Peugeot 9¾ 87 FFr	175	99	99⅝	0	−0⅛	9.88
Solvay et Cie 9¾ 87 FFr	125	99	99½	0	−0⅛	9.83
Total Oil 9¼ 87 FFr	150	97	97¾	0	−0⅛	9.86
Unilever 10 85 FFr	100	100⅞	101½	0	0	9.73
CECA 9⅞ 89 £	20	91¼	92	+0⅛	+0½	11.06
Citicorp 10 93 £	20	91	91¾	+0⅛	+0⅛	11.25
EIB 9⅝ 88 £	25	94⅜	95⅛	+0⅛	+0⅛	10.69
Finance for Ind. 13 91 £	15	103	104½	+0⅛	+0¼	12.29
Gen. Elec. Co. 12¼ 89 £	50	101⅞	102⅜	+0⅛	+0⅛	12.10
Bayer Lux. 8 86 LuxFr	250	96⅞	98⅛	0	−0⅛	8.46
EIB 7¾ 88 LuxFr	250	96¾	97¼	−0⅛	−0¼	8.22
Euratom 8 87 LuxFr	500	99⅜	100⅜	0	−0¼	7.87
Finland I. F. 8 88 LuxFr	250	96⅞	97⅞	0	−0½	8.42
Norway 7¾ 83 LuxFr	250	96⅞	92⅛	−0⅛	−0⅛	8.46
Norges Km. 8 86 LuxFr	500	99⅛	100⅛	+0⅛	+0⅛	8.05
Oslo, City of 8 89 LuxFr	500	98⅝	99⅜	−0⅛	−0¼	8.13
Solvay Fin. 8 85 LuxFr	500	99½	100½	0	−0⅛	7.98
Swedish Bk. 8 88 LuxFr	500	99⅜	100⅜	0	−0⅛	8.01

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¼	96½	97⅛	31/7	11.44	11.79
BFG Fin. Co. M5.5 89	0¼	98½	99	12/7	12.4	12.56
Banco di Roma M6 87	0¼	98¼	98¾	26/10	11.19	11.36
Bco. El Salvador M8 83	1¼	96⅞	97⅜	12/10	12¼	12.61
Bco. Nac. Argnt. M8 83	0¼	100⅛	100⅝	21/7	12¼	12.20
Bco. Nac. Argnt. 7 86	0¼	97¾	98¼	22/9	11½	11.73
Banco Urquijo 6 88	0¼	97¾	98¼	21/9	11½	11.73
Bank of Tokyo M5½ 93	0¼	98	98½	18/10	11¾	11.96
Bq. E. d'Alg. M6.375 84	0⅜	97⅛	97⅞	9/8	11⅞	12.18
Bq. Ext. d'Alg. M7.5 85	0⅝	95⅛	95⅞	2/11	11⅞	12.43
Bq. Indo et Suez M5½	0⅛	99⅜	99⅞	25/7	12	12.05
Bq. I. Af. Occ. M6.5 83	0¼	98⅛	98⅝	12/7	12.4	12.59
BNP 5½ 91	0¼	97½	98½	22/2	11⅛	11.59
CCCE M5.25 98	0¼	97⅝	98½	3/3	11⅛	11.62
Ch. Man. O/S M5¼ 93	0⅛	98⅝	99¼	27/7	11.73	11.84
Citicorp O/S Fin. 6 94	0⅛	99⅞	99⅞	8/6	11.06	11.10
Credit National M5¼ 88	0⅛	98½	99	11/7	12.31	12.47
Gotabanken M6 88	0¼	98	98½	15/5	12.31	12.52
Ind. Bk. Japan M5½ 85	0¼	99½	100¼	1/6	12.25	12.37
LTCB Japan M5¼ 85	0¼	99	99½	9/5	12.06	12.75
Midland Intl. M5¼ 93	0¼	98⅝	99⅛	20/7	12⅛	12.39
Nipp. Crdt. Bk. M5.5 85	0¼	99½	100	22/6	12.81	12.85
OKB M5¼ 88	0¼	99¼	99¾	18/10	11.44	11.49
Offshore Mining 86	0¼	99⅛	99⅝	19/7	12.19	12.25
Petro Mexicano 7¼ 84	0¼	99	99½	24/7	12.06	12.15
Privredna Banka M6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.94
Standard Chrt. M5.5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.78
Sundsvallsbkn. M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.32
Texas Int. Air. M7 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.49
Utd. Overs'a Bk. M6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.92
Boots 6¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−6.49
Ciba-Geigy O/S F. 4 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.45
Coca-Cola Bottling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.00
Esselte	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.26
Honda Motor	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.03
Ito-Yokado 5¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.50
Novo Industri 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.30
Texas Int. Air.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23.74
Thorn Int. Fin. 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.39
Asahi Optical	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.29
Casio Co. 3¾ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.19
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.17
Izumiya 3¾ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.34
Jusco 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	26.94
Kansai Elec. 4 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.14
Konishiroku 3¾ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.84
Marudai Food 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29.54
Murata M. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.91
Nipp. Air. 3.5 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24.55
Nippon Ysn. 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.46
Nissan Diesel 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.80
Olymp. Opt. 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.39
Ricoh 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.46
Sharp Corp. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.14
Stanley Elec. 3¼ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.74
Tokyo Elec. 3½ 87 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.15
Tokyo Lt. Co. 4 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.70
Trio-Knwd. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.09

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dow Chemical chief sees peak earnings

MIDLAND — Mr. Paul F. Oreffice, the president of Dow Chemical, said the company expects record 1979 earnings of $3.50 a share or better, compared with $3.16 last year.

Sales should reach $8bn this year, up from last year's $6.89bn.

Management is dedicated to returning to the company's historical goal of achieving earnings increases of at least 10 per cent annually.

Plants are operating at high capacity rates with order control on many products, said Mr. Oreffice.

Dow believes there will be no recession in 1979 although some slowdown in U.S. demand is expected. The Board will continue to watch customer inventories and other indicators very closely for signs of a slowdown.

Dow has filed a motion seeking prompt initiation of a fact finding hearing on the Government's proposed cancellation of the registration of two widely-used herbicides 2, 4, 5-T and Silvex.

● Meanwhile American Cyanamid's capital outlays for research and development will increase this year, while those for new plants and equipment will decline, said Mr. James G. Alleck the chairman and president.

The company expects outlays for research and development to increase 11 per cent this year to about $120m.

Reuter

AMERICAN QUARTERLIES

ARA SERVICES	1979 $	1978 $
Second quarter		
Revenue	510.5m	433.8m
Net profits	13.11m	11.44m
Net per share	1.30	1.13
Six months		
Revenue	1.01bn	859.7m
Net profits	28.12m	24.78m
Net per share	2.80	2.44

CAPITAL HOLDING	1979 $	1978 $
First quarter		
Net profits	20.45m	18.23m
Net per share	0.71	0.63

CNA FINANCIAL	1979 $	1978 $
First quarter		
Revenue	631.5m	561.4m
Net profits	36.19m	27.29m
Net per share	0.61	0.47

CONSOLIDATED NATURAL GAS	1979 $	1978 $
First quarter		
Revenue	704.3m	623.1m
Net profits	64.2m	58.7m
Net per share	3.24	2.99

CONTINENTAL AIR LINES	1979 $	1978 $
First quarter		
Revenue	204.0m	175.2m
Net profits	†4.55m	23.39m
Net per share	†0.30	1.43

† Loss.

HALLIBURTON	1979	1978
First quarter		
Revenue	9ETAOI UN	UNIUN
Revenue	1.78bn	1.47bn
Net profits	81.66m	78.78m
Net per share	1.39	1.34

HANNA MINING	1979 $	1978 $
First quarter		
Revenue	67.4m	47.1m
Net profits	5.96m	1.76m
Net per share	0.67	0.20

HOME OIL	1979 $	1978 $
First quarter		
Net profits	10.8m	10.7m
Net per share	1.31	1.30

INTERNATIONAL COMPANIES and FINANCE

Sharp upturn in Bayer first-quarter earnings

BY GUY HAWTIN IN FRANKFURT

PROFITS before tax higher by 14.4 per cent at DM 205m ($108m) are reported by Bayer AG, the parent company of the major West German chemical group.

Sales for the three months improved by 13.6 per cent to DM 2.96bn, with turnover for the Bayer group world-wide rising by 8.5 per cent to DM 6.13bn. As far as the parent company was concerned, the upturn in demand was largely foreign-inspired, with non-German sales lifting by 18.8 per cent compared with an increase of 6.2 per cent for domestic turnover.

The marked improvement in profits and sales of Bayer AG was dulled a little by rising costs and pressure on prices. In the petro-chemical sector alone, cost increases this year are expected to hit the group to the tune of between DM 400m and DM 500m.

Prof. Herbert Grünewald, chairman of the Bayer executive board, said that there had been drastic price increases in many petrochemical products. From naphtha to the broad range of aromatics, many prices had nearly doubled. There had also been scarcely weaker increases in energy and transport costs.

Prices, according to Prof. Grünewald, came further under pressure. Indeed the increase in volume sales — 15 per cent during the first quarter—substantially outstripped the rise in cash turnover.

The Deutsche-Mark figures alone, however, give only a partial guide to Bayer's turnover. Some 70 per cent of the group's world sales are generated abroad, and currency fluctuations considerably distort its sales performance figures.

Calculated in their home currencies, Bayer's 18 largest foreign subsidiaries showed overall 21 per cent sales growth last year, said Prof. Grünewald. However, when this is converted to the "greatly over-valued" Deutsche-Mark, the rate of increase was reduced to a mere 4 per cent.

For instance, the U.S. subsidiary Mobay showed a dollar sales rise of 22 per cent, but only a 6 per cent growth in D-Marks. Bayer Italia reported a 16 per cent rise in lira, which declined to 4 per cent in D-Marks. An 18 per cent increase in Sweden similarly was reduced to 2 per cent.

Bayer, whose strong points are in pharmaceuticals and plant protection products, is perhaps not so affected as other chemicals companies by the problems of other sectors. However, it reports that in the fibres sector, falling sales are the result of shutdowns of uneconomic plant and that the market has stabilised.

In the dyestuffs sector, the market stabilised after 1977s weak performance. In the non-textile sector, things had improved. Pharmaceuticals and plant protection products were doing well.

Uddeholm hopes for return to profits

By Victor Kayfetz in Stockholm

UDDEHOLM, THE Swedish steel and power group, can now shift from a defensive to an aggressive strategy and "it may be possible to achieve one important objective during 1979, namely that operations should yield a surplus after planned depreciation and interest."

But this, the annual report makes clear, presupposes a continued general economic improvement throughout 1979. Uddeholm sold its forest product and chemical divisions last August.

In 1978 the group recorded a pre-tax loss of Skr 321m ($73m) on turnover of Skr 2.54bn ($577m), against a loss of Skr 384m on sales of Skr 2.6bn previously. The operating loss was Skr 146m against Skr 319m in 1977, and the Uddeholm board has recommended passing the dividend for the third year.

For the sectors remaining in the pared-down Uddeholm, the picture was brighter last year. Riding a recovery that began late in 1977, steel sales were up 14 per cent to Skr 1.9bn and yielded a much reduced operating loss. Power generating brought in Skr 89m in operating profit.

Mr. Gunnar Wessman, managing director, writes that the deal last summer with Billerud had reduced Uddeholm's long-term debts by over Skr 1bn and raised its ratio of equity to debts from 28 to 33 per cent. Prospects for the new company Billerud Uddeholm AB created under the deal now seemed promising.

Tai Cheung to acquire City and Urban control

BY ANTHONY ROWLEY IN HONG KONG

TAI CHEUNG PROPERTIES, a quoted Hong Kong property group here, has agreed to buy out the Hutchison Whampoa group's 55 per cent holding in another real estate concern, City and Urban Properties, for HK$311.5m (US$61.4m).

Tai Cheung, which already owns around 18 per cent of City and Urban, will also make an offer at the same price—HK$1.77 a share—for the outstanding minority of around 27 per cent of City and Urban, in order to comply with the Hong Kong takeover code.

The decision by Tai Cheung to bid for City and Urban is an unexpected outcome to a court battle. Tai Cheung wanted to have City and Urban legally wound up or to compel Hutchison Whampoa to buy out Tai Cheung's stake in City and Urban. A petition seeking either of these actions was withdrawn following agreement for the Tai Cheung bid.

Union Estates, the Tai Cheung subsidiary which holds the existing stake in City and Urban, lodged the petition in the Supreme Court here last September following an announcement that City and Urban was discussing a merger with another property arm of Hutchison Whampoa, Hutchison Properties.

The petition alleged, among other things, breaches of understanding in relation to the development of surplus land owned by the Hongkong and Whampoa Dock Company, which was merged with Hutchison International around two years ago to form Hutchison Whampoa.

The bid price of HK$ 1.77 a share represents a substantial premium over the HK$ 1.48 at which City and Urban shares were being traded on the local stockmarkets before dealings were suspended yesterday. The offer price is equivalent to City and Urban's net asset value per share following a property revaluation last August which hoisted asset value from HK$ 1.08 to HK$ 1.77 a share.

Hutchison Whampoa also said that agreement had been reached for it to buy Tai Cheung's 25 per cent holding in Hutchison House. Hutchison Whampoa already owns 75 per cent of the latter, whose sole asset is the Hutchison House office block in Hong Kong's central district.

A gross value of HK$600m has been agreed for Hutchison House, less premium payments and interest due to the government and loans from shareholders. The building was valued at the end of last year at HK$417.5m.

In addition to the eight cents a share final dividend already declared by City and Urban for 1978, a special dividend will be declared later to redistribute all ordinary profits of the company from January 1 1979 to July 31 1979, or an earlier closing date. This will be payable to all shareholders.

City and Urban last month declared a group net profit for 1978 of nearly HK$70m against HK$51m the previous year.

Singapore Airlines expects increase

By Georgie Lee in Singapore

OPERATING REVENUES at Singapore Airlines (SIA) are expected to near the S$2bn (U.S.$880m) in the current financial year, ending March.

This was disclosed by the airline's director of finance, Mr. Lucas Liew, when he presented SIA's budget for the fiscal year 1979-80.

Operating revenue is expected to rise by 33.1 per cent to S$1.97bn while operating expenditure is expected to expand on the same scale rate to S$1.74bn, thus giving an operating profit of about S$230m (U.S.$101m).

The airline's capacity production is expected to reach an all-time high of 2.8bn tonne-kilometres, an increase of 36.8 per cent over the 1978-79 figure.

The total traffic load is projected to grow at about the same pace, giving rise to a marginal improvement, of 0.2 percentage points, in the overall load factor, despite an expected decline of 5 per cent in the passenger load factor to 71.6 per cent.

The decline in the passenger load factor is expected to be more than offset by SIA's expanding freight business—to account for the slight improvement in the overall load factor.

SIA has forecast a 2.5 per cent decline in unit cost to 62.4 cents per tonne kilometre as a result of the faster rate of expansion in capacity than operating expenditure. However, because lower yields are expected on its European, Australian and New Zealand routes, the airline's overall yield is expected to deteriorate by 2.7 per cent to 99 cents per tonne kilometre. Since the drop in yield is marginally higher than the expected decrease in unit cost, SIA's break-even load factor is therefore expected to deteriorate by 0.1 of a percentage point to 63 per cent.

Carrefour sees further growth

BY TERRY DODSWORTH IN PARIS

RAPID EXPANSION abroad, with particular emphasis on Spain, will be the main objective of the French Carrefour supermarkets group over the next 12 months.

Carrefour has refined and streamlined its foreign strategy during the last year, withdrawing from Germany, Belgium and South Africa, and concentrating its development on countries where it can exercise full management control. The two regions which have emerged at the top of the list are Spain and Brazil.

In France, the company will place heavy emphasis on tightening wherever possible operational margins. Overall this year group profits are expected to increase by a fifth.

New programmes to improve stock control, distribution efficiency and productivity have been put in train, said M. Denis Defforey, vice-president. M. Defforey said that the object in France is to continue with steady growth, although the group is faced all the time with planning problems.

The immediate objective in Spain is to increase the number of hypermarkets run by the group from the present 14 to 17 by the end of the year.

In the longer term, the company says that it is aiming for 25 separate outlets. It is anxious to establish these as quickly as possible in the likelihood that planning laws will become more stringent once the country enters the Common Market.

In Brazil, Carrefour has recently opened its fifth hypermarket, and has bought a further four development plots.

Figures published yesterday show that overseas sales grew by 32.9 per cent last year to FFr 2.1bn ($477m). This represented some 17 per cent of total consolidated sales of FFr 14.5bn, which rose by 15.5 per cent from FFr 12.5bn. Two years' foreign sales amounted to only 8.5 per cent of the total.

German bank heads for bankruptcy

By Our Financial Staff

THE SMALL West German bank, Spar-und Kreditbank, is headed for bankruptcy following the loss of its banking licence.

The bank whose last published balance sheet showed total assets of DM 155m ($82m) and deposits of DM 65m, has been stripped of its banking licence by the Federal Banking Supervisory Office because it left its creditors open to "risk."

This unacceptable situation was created by Spar-und Kreditbank through investing funds exclusively in fixed interest securities. Thus the bank found itself too exposed to the difficulties of the West German bond market which has experienced a sharp rise in interest rates this year.

The German Banking Association said in a separate statement that holders of savings and other accounts at Spar-und Kreditbank will suffer no losses. They are to be compensated with the help of the German deposit guarantee fund.

Last night Mr. Hans J. Röchlitzer confirmed that he was the sole owner of the bank.

SOUTH AUSTRALIA—SANTOS

Parliament to be recalled

BY JAMES FORTH IN SYDNEY

THE SOUTH AUSTRALIAN Parliament is to be recalled from recess this month to consider the State Government's proposal to legislate to limit individual shareholdings in Santos to 15 per cent—in spite of protests in many quarters. The recall will necessitate the return of three Government ministers at present overseas.

Santos is the major partner in the Cooper Basin gas and liquids fields which supply Adelaide and Sydney with natural gas. The SA Government's action is aimed at a group of five companies headed by the Perth businessman, Mr. Alan Bond, who last year bought a 37.5 per cent stake in Santos for A$36m from Burmah Oil of the UK. The SA Government claims that the Bond group was seeking to lift its stake in Santos to 51 per cent, and that it was not in the interest of South Australia for the company to be controlled by an organisation from outside the State.

The proposal has been strongly attacked in many quarters, including the stock exchanges. The Prime Minister, Malcolm Fraser, and the Federal Treasurer, John Howard, have criticised the proposal. Mr. Bond has submitted proposals to the SA Government, which reportedly include an offer to limit the Bond interest to 40 per cent of Santos. The Government has said that it will consider the proposals. However, the Premier, Mr. Corcoran, announced today that the Government would go ahead with its plans to recall Parliament. Mr. Corcoran said that this did not mean that Mr. Bond's proposals had been rejected.

"I simply want Parliament to meet as soon as possible if that is necessary," he said. The leader of the opposition Liberal Party in the Upper House, Mr. Degaris, who is also overseas, has said that he will support the plan. If Mr. Degaris maintains his support that would be sufficient for the Government to pass the legislation.

Swiss bank expansion

BERNE — Swiss Volksbank increased its balance sheet total by 4.8 per cent to SwFr 13.565bn ($7.9bn) in the first quarter of 1979. Gross income also rose following the increase in interest rates, foreign exchange income, and commissions, the bank explains.

In 1978, the bank's net profits declined by SwFr 3.2m to SwFr 52.3m. AP-DJ

Kloeckner Werke upturn

BY OUR FINANCIAL STAFF

A STRONG recovery in the first half of the current year ending September 30, is reported by Kloeckner Werke, the West German steel maker.

The company, which reduced its losses for last year to DM74.9m from DM105.9m, would give no specific figures relating to profitability. However, crude steel output for the six months rose 3 per cent with rolled steel production increasing by 5 per cent.

As in 1977-78, the recovery in the current year is based essentially on the company's cost cutting programme. Since the start of the current year a further reduction of 500 has been made in the work force, while interest payments have also been reduced and investment spending cut.

Dividend cut at Bank of Adelaide

By Our Sydney Correspondent

THE BANK of Adelaide, the smallest of Australia's major trading banks, has cut its dividend for the first time in almost a century, following a 20 per cent slide in earnings for the half-year to March.

Profit dropped from A$3.36m to A$2.78m (US$3m). The reason for the decline was continuing problems with its wholly-owned finance company, Finance Corporation of Australia, which had already announced that its half-yearly earnings fell from A$2.1m to A$750,000. FCA like many other finance companies, has been hard hit by the collapse of the property boom in 1973.

The profits of the banking division rose by almost 35 per cent from A$1.4m to A$1.9m. Bank of Adelaide is unusual in that the finance offshoot is larger than the bank itself, which has meant that it has been more affected than other major shareholders in finance companies which invested in property.

The directors considered it prudent to reduce the interim dividend from 5 cents a share to 3 cents, costing A$1.5m.

Further losses from Amaprop

BY JIM JONES IN JOHANNESBURG

THE TROUBLED South African property company Amaprop, which is controlled by Anglo American Corporation, continues to report losses. On a 2.8 per cent rise in turnover to R11.2m ($13.22m) for the year to March 31, from R10.9m ($617,473) the company has reported a consolidated loss before tax and exceptional items of R523,000 ($617,473) against R405,000 in 1978. After write offs of R3.94m against unlisted investments and township properties the pre-tax loss is R4.48m.

The preference dividend has been passed again, pushing arrears up to R6.1m. Mr. Gordon Waddell, the chairman, makes the point that declining interest rates and a generally improving property market should be of considerable benefit. But this has failed to impress Johannesburg investors who are trading the shares at 26 cents—a 60 per cent discount to net asset value of 65 cents per share.

Preference shareholders have the opportunity to convert their shares into ordinary shares at 50 cents par value in June this year. In spite of the current 26 cents ordinary share price, few are likely to make the switch. However, with provisions now made against the ill-starred residential property developments (Marina da Gama, near Cape Town, and Chakas Rock, near Durban) and improving letting markets in most of the urban centres in which Amaprop is invested, there could be some preference shares conversions next year, if the ordinary share price reacts to better trading conditions.

Recovery at Premier Milling

BY OUR JOHANNESBURG CORRESPONDENT

PREMIER MILLING, South Africa's second largest food company, has reported a sound recovery in the second half of the year to March 31, as predicted at the half-way mark. Pre-tax earnings for the year rose 11.9 per cent to R50.8m ($59.8m), from R45.4m in 1977-1978, and turnover a similar amount, to R763m ($898m), from R682m.

In the six months to September 30, 1978, first-half turnover had risen 11 per cent to R375m ($441m), from R338m in the same six months a year earlier, while pre-tax profit slipped 6.5 per cent to R32.1m from R23.7m.

Mr. Joe Bloom, the chairman, says that although excess capacity and overproduction continues to affect the egg, feed and poultry markets, Premier's operations in these fields did reasonably well on higher demand and improved efficiency. The maize and wheat milling margins had been maintained.

Over the past few years, Premier had been involved in a relatively large capital expenditure programme which has tended to retard dividend distributions. This was now coming to an end, though there was still pressure to retain earnings to reduce the company's debt structure. In the year to March 31, interest payments rose to R15.7m from R10.9m.

From earnings a share of 89.9 cents, against 85.2 cents, premier declared dividends totalling 33 cents, compared with 32.5 cents, putting the share on a 6.1 per cent yield at its current price of 545 cents in Johannesburg.

Half-year profit rise for AGC

By Our Sydney Correspondent

AUSTRALIAN Guarantee Corporation, Australia's largest finance company and a partly-owned subsidiary of the Bank of New South Wales, lifted earnings by 14.5 per cent from A$22.4m to A$25.7m (U.S.$28.5m) in the March half-year. The directors have declared an unchanged interim dividend of 3.75 cents a share.

The result was achieved on a rise of only 10.9 per cent in gross revenue, to A$245m. The group's net receivables rose from A$1.86bn to A$2.13bn.

The directors said that 71 per cent of receivables were contributing regular monthly repayments, and only 1.9 per cent were in identified problem areas, ensuring the continuity of satisfactory cash flow and profit.

They said that the growth in receivables and the profit level should be maintained in the second half of the year. This would indicate an annual profit of some A$51m, compared with A$44.5m in 1977-78.

The parent company, the Bank of NSW, stands to benefit considerably from the AGC result. During the past year, the bank has lifted its holding in AGC from 53.23 per cent to 77 per cent.

Sime takes over UM Insurance

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY HOLDINGS plans to acquire a controlling interest in United Malayan Insurance Company (UMI) for nearly 9m ringgit (around U.S.$4m). Agreement has been reached with the relevant authorities.

Sime already has a 25 per cent interest in the insurance company, with a recent purchase of 1m of UMI's 4m issued shares at 1.9 ringgit each.

Under the deal, UMI will issue another 4m new shares to Sime at 1.9 ringgit each. However, Sime said that it intends to make available 900,000 of these shares to shareholders who may want to retain their present proportion of equity in UMI.

If these shares were taken up, Sime would eventually hold 4.1m shares, or 51.25 per cent of the enlarged equity.

UMI was set up in 1959 and operates eight branches in Malaysia and one in Singapore. It made a pre-tax profit of 1.7m ringgit last year on gross premiums of 20m ringgit.

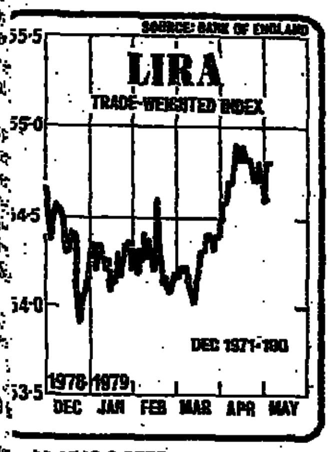
Before Sime came in, the major shareholders of UMI were Syed Nahar, Chief Minister of Kedah State (around 20 per cent), the Commercial Union of London (12.5 per cent), the Munich Reinsurance Company of Germany (10 per cent) and the Eu family.

Commercial Union has sold its shares to Sime, as it intends to start its own insurance company in Malaysia together with other Malaysian interests.

CURRENCIES, MONEY and GOLD

Sterling strong

STERLING GAINED ground in nervous trading in the foreign exchange market yesterday, as the latest public opinion polls seemed to point to a Conservative victory in the election. The pound opened at $2.0735-2.0745, and fell to a low point of $2.0725-2.0735 in early trading. It quickly rose to a high point of $2.0795-2.0805 however, where the Bank of England may have intervened to prevent a further rise. For the rest of the day sterling traded around $2.0775, and closed at $2.0765-2.0775, a rise of 90 points on the day. The pound's trade-weighted index, on Bank of England figures, was at 67.5 throughout, compared with 67.2 previously.



The dollar showed little change against most other major currencies, and its index as calculated by the Bank of England, rose to 86.7 from 86.6.

The Danish krone remained the second strongest member of the European Monetary System. It was quite sharply weaker overall, and tended to drag down the Belgian franc. The Belgian currency moved in line with the krone, and was again close to its floor in Copenhagen. In terms of the European Currency Unit, the Belgian franc fell outside its permitted divergence limit.

The Irish punt lost ground against the dollar, sterling, and all members of the European Currency System, except the Danish krone. In terms of the dollar, it eased to $2.0035 from $2.0075, and to 96.54p from 97.07p against the British pound. The Irish currency also fell to BFr 60.72 from BFr 60.75 against the Belgian franc; to FFr 8.7587 from FFr 8.7728 against the French franc; to DM 3.8072 from DM 3.8162 against the D-mark; to Fl 4.1312 from Fl 4.1380 against the Dutch guilder; and to L1697.16 from L1700.05 against the lira. The punt rose to DKr 10.67 from DKr 10.6598 against the Danish krone.

NEW YORK—The dollar was steady in quiet morning trading. Any upward movement of the U.S. currency due to the increase of ¼ per cent to 11¾ per cent in Chase Manhattan's prime rate was short lived. Sterling was quiet, but generally firm, helped by pre-election opinion polls showing a Conservative lead over the Labour Party.

MILAN—The dollar showed little change at the fixing, rising to L847.05 from L846.95, while the D-mark eased to L445.78 from L445.96. Sterling rose to L1,757.40 from L1,752.60, and trading was quiet in all currencies.

FRANKFURT — The Bundesbank did not intervene when the dollar rose to DM 1.9000 from DM 1.8995 at yesterday's fixing. Trading was within a very narrow range, with the U.S. currency easing from the previous close of DM 1.9018, and from an opening rate of DM 1.9010. Sterling rose sharply to be fixed at DM 3.9450, compared with DM 3.9260 previously, in expectation of a narrow Conservative victory in the general election. Trading in other currencies was generally quiet.

THE POUND SPOT AND FORWARD

May 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0725-2.0805	2.0765-2.0775	0.22-0.12c pm	0.98	0.58-0.48 pm	1.02
Canada	2.3770-2.3845	2.3775-2.3785	0.15-0.05c pm	0.50	0.35-0.25 pm	0.50
Nethlnd.	4.26½-4.29½	4.28-4.29	1¾-¾c pm	3.85	5-4 pm	4.20
Belgium	62.10-63.10	62.95-63.05	25-15c pm	3.81	62-52 pm	3.62
Denmark	11.00-11.07	11.05¾-11.06¾	3¾-1¾ore pm	2.98	5¾-3¾ pm	1.54
Ireland	1.0320-1.0390	1.0365-1.0375	0.17-0.27p dis	−2.55	0.75-0.85dis	−3.09
W. Ger.	3.93½-3.96½	3.94½-3.95½	2⅞-1⅞pf pm	7.22	7-6 pm	6.58
Portugal	101.60-102.20	101.70-102.00	50-110c dis	−9.43	140-240 dis	−7.46
Spain	136.95-137.25	137.10-137.20	50c pm-par	2.19	30pm-70dis	−0.58
Italy	1,757-1,762	1,758-1,759	¾lire pm-1½ dis	−0.17	¾pm-1¼dis	−0.06
Norway	10.71½-10.76½	10.73-10.74	4¼-2¼ore pm	3.63	8-6 pm	2.81
France	9.06-9.09½	9.07½-9.08½	3¾-2¾ore pm	3.63	8-7 pm	3.30
Sweden	9.11½-9.14½	9.12¾-9.13¾	2½-½ore pm	1.97	5½-3½ pm	1.97
Japan	465-472	468½-467½	3.05-2.70y pm	7.39	8.00-7.60 pm	6.68
Austria	28.95-29.05	28.98-29.03	18-8gro pm	5.38	50-40 pm	6.21
Switz.	3.56½-3.59½	3.57½-3.58½	3¾-2¾c pm	10.47	9½-8½ pm	10.06

Belgium rate is for convertible francs. Financial franc 64.60-64.70. Six-month forward dollar 0.88-0.78c pm; 12-month 1.70-1.60c pm.

THE DOLLAR SPOT AND FORWARD

May 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0725-2.0805	2.0765-2.0775	0.22-0.12c pm	0.98	0.58-0.48 pm	1.02
Ireland†	2.0015-2.0050	2.0025-2.0045	0.77-0.62c pm	4.19	2.17-2.02 pm	4.17
Canada	87.25-87.36	87.29-87.32	0.03c pm-par	0.21	0.12-0.09 pm	0.48
Nethlnd.	2.0600-2.0630	2.0605-2.0625	0.65-0.55c pm	3.49	1.73-1.63 pm	3.26
Belgium	30.25-30.35	30.32-30.33½	8-7c pm	2.97	21-19 pm	2.64
Denmark	5.3135-5.3270	5.3250-5.3265	0.90-0.40ore pm	1.46	0.50 pm-par	0.19
W. Ger.	1.8990-1.9020	1.9000-1.9010	0.93-0.83pf pm	5.56	2.67-2.57 pm	5.51
Portugal	48.00-49.15	48.00-49.10	33-48c dis	−9.99	90-140 dis	−9.57
Spain	66.00-66.15	66.00-66.10	par-10c dis	−0.91	15-25 dis	−1.21
Italy	846.80-847.40	846.90-847.30	0.50-0.75lire dis	−0.88	2.00-2.50dis	−1.06
Norway	5.1630-5.1700	5.1680-5.1690	0.95-0.45ore pm	1.62	2.00-1.50 pm	1.35
France	4.3680-4.3725	4.3705-4.3720	0.85-0.75c pm	2.20	2.60-2.45 pm	2.31
Sweden	4.3920-4.3980	4.3965-4.3975	0.35-0.15ore pm	0.68	1.05-0.85 pm	0.58
Japan	224.30-224.95	224.60-224.80	1.23-1.13y pm	6.30	3.12-3.02 pm	5.46
Austria	13.95¾-13.97	13.96½-13.97	6½-5gro pm	5.37	19-17½ pm	5.23
Switz.	1.7210-1.7230	1.7215-1.7225	1.35-1.25c pm	9.06	4.05-3.95 pm	9.29

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.615760	0.644048
U.S. $	9½	1.27316	1.33157
Canadian $	11¼	1.45293	1.51879
Austria Sch.	3¾	Unavail	18.6954
Belgian F	6	38.4574	40.2500
Danish K	8	6.75635	7.07696
D mark	4	2.41647	2.52862
Guilder	6½	2.62256	2.74470
French Fr.	9½	5.55775	5.81663
Lira	10½	1077.52	1127.77
Yen	4¼	285.600	300.469
Nrwgn. K	7	6.57707	6.87356
Spanish Pes.	8	83.9842	87.9568
Swedish Kr.	6½	5.59305	5.84958
Swiss Fr.	1	2.18990	2.29096

CURRENCY MOVEMENTS

May 3	Bank of England Index	Morgan Guaranty changes %
Sterling	67.5	−37.3
U.S. dollar	86.7	−7.4
Canadian dollar	85.0	−14.9
Austrian schilling	145.4	+18.8
Belgian franc	113.2	+13.3
Danish kroner	116.3	+5.5
Deutsche Mark	149.6	+41.2
Swiss franc	193.9	+80.1
Guilder	124.0	+19.7
French franc	98.9	−6.7
Lira	54.8	−48.8
Yen	128.8	+27.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

May 3	£	$		£ Note Rates
Argentina Peso	2508-2528	1207-1217	Austria	28½-29½
Australia Dollar	1.8855-1.8895	0.9080-0.9095	Belgium	63¾-64½
Brazil Cruzeiro	48.72-49.72	23.45-23.95	Denmark	11.00-11.10
Finland Markka	8.33-8.35	4.0105-4.0200	France	9.02-9.12
Greek Drachma	76.046-77.886	36.61-37.50	Germany	3.90-3.98
Hong Kong Dollar	10.48¼-10.51¼	5.0470-5.0625	Italy	1,730-1,770
Iran Rial	150.58-156.81	72½-75½	Japan	468-478
Kuwait Dinar (KD)	0.575-0.585	0.2793-0.2794	Netherlands	4.24-4.32
Luxembourg Frc.	62.95-63.05	30.32-30.34	Norway	10.58-10.68
Malaysia Dollar	4.6350-4.6420	2.2315-2.2350	Portugal	95-101
New Zealand Dlr.	1.9860-1.9920	0.9560-0.9690	Spain	135-139
Saudi Arab. Riyal	6.97-7.07	3.3505-3.3810	Switzerland	3.52-3.63
Singapore Dollar	4.5825-4.5935	2.2110-2.2165	United States	2.0700-2.0800
Sth. African Rand	1.7575-1.7675	0.8460-0.8510	Yugoslavia	42½-44½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3256	+2.20	+1.56	±1.53
Danish Krone	7.08220	−0.05	−0.69	−0.69	±1.635
German D-mark	2.51064	2.53038	+0.79	+0.15	±1.1325
French Franc	5.79831	5.81900	+0.36	−0.28	±1.35
Dutch Guilder	2.72077	2.74554	+0.91	+0.28	±1.5075
Irish Punt	0.662638	0.664054	+0.21	−0.42	±1.665
Italian Lira	1148.15	1127.72	−1.78	−1.78	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.60-10.70 per cent; six months 10.90-11.00 per cent; one year 10.80-10.90 per cent.

May 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅞-12⅛	10⅛-10⅜	9½-10½	7-7¼	1-1½	4½-5	9-11	9-10	—	3⅞-7⅞
7 day's notice	11⅞-12⅛	10⅛-10⅜	9½-10½	7-7¼	1-1½	4½-5	9-11	10½-11½	10⅛-10⅜	4½-5
Month	11⅞-12⅛	10⅛-10⅜	10⅛-11⅛	7⅛-7⅜	1⅛-1⅜	5⅛-5⅜	8½-8⅞	11-12	11⅛-11⅜	4⅞-5⅛
Three months	11⅞-12⅛	10⅞-11⅛	10⅜-11⅛	7⅜-7⅝	1⅛-1⅜	5⅜-5⅝	8⅛-8⅜	11½-12½	10⅞-11⅛	5⅛-5⅜
Six months	11⅞-12⅛	11⅛-11⅜	10⅜-11⅛	7⅛-8	2⅛-2⅜	5⅞-5⅞	8¼-9	12-13	11⅛-11⅜	5⅜-5⅝
One year	11⅞-12⅛	10⅞-11⅛	10⅜-10⅞	8-8⅛	2⅛-2⅝	5⅜-6⅛	9⅛-9⅝	12½-13½	10⅞-11⅛	6⅛-6⅜

Long-term Eurodollar deposits: Two years 10⅞-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10-10⅞ per cent; five years 10-10⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.077	3.950	467.0	9.080	3.580	4.285	1759.	2.378	63.00
U.S. Dollar	0.481	1.	1.902	224.8	4.372	1.724	2.063	846.7	1.145	30.33
Deutschemark	0.253	0.526	1.	118.2	2.299	0.906	1.085	445.2	0.602	15.95
Japanese Yen 1,000	2.141	4.448	8.458	1000.	19.44	7.666	9.176	3766.	5.092	134.9
French Franc 10	1.101	2.287	4.350	514.5	10.	3.943	4.719	1937.	2.619	69.38
Swiss Franc	0.279	0.580	1.103	130.4	2.536	1.	1.197	491.2	0.664	17.60
Dutch Guilder	0.233	0.485	0.922	109.0	2.119	0.835	1.	410.4	0.555	14.70
Italian Lira 1,000	0.568	1.181	2.246	265.5	5.162	2.036	2.437	1000.	1.352	35.83
Canadian Dollar	0.421	0.873	1.661	196.4	3.818	1.506	1.802	739.5	1.	26.49
Belgian Franc 100	1.587	3.297	6.270	741.3	14.41	5.683	6.802	2791.	3.775	100.

INTERNATIONAL MONEY MARKET

Dutch liquidity problems

The recent shortage of funds experienced in the Dutch money market is likely to remain at its present level before conditions tighten even further towards the middle of the month, according to market sources. Towards the middle of the month, payment is due on natural gas royalties and the present shortage of around Fl 3bn should increase to Fl 4.5bn before easing back towards the end of the month.

Yesterday interbank money rates were quoted at 7¼-7⅜ per cent from 7¼-7⅜ per cent for call money and 7¼-7⅜ per cent against 7¼-7⅜ per cent for one-month money. The three-month rate stood at 7¼-7⅜ per cent compared with 7¼-7⅜ per cent while six-month money rose to 7⅜-8⅜ per cent from 7⅜-8 per cent on Wednesday.

FRANKFURT — Interbank money rates showed little change yesterday with call money at 5.20-5.30 per cent, unchanged from Wednesday, and one-month money at 5.40-5.50 per cent, also unchanged from Wednesday. The three-month rate was quoted at 5.70-5.80 per cent against 5.70-5.75 per cent with six-month money at 6.00-6.20 per cent compared with 6.10-6.20 per cent previously. 12-month money was slightly easier at 6.30-6.50 per cent against 6.45-6.55 per cent.

PARIS—Money market rates were firmer throughout with call money at 7⅛ per cent compared with 7 per cent and one-month money at 6⅞-7 per cent against 6⅞-6⅞ per cent. The three-month rate rose to 7⅛-7⅜ per cent from 7-7⅛ per cent and six-month money was firmer at 7⅛-7⅜ per cent. 12-month money was quoted at 7⅜-8 per cent, up from Wednesday's level of 7⅜-7⅞ per cent.

NEW YORK—Fed funds were quoted at 10⅛-10⅜ per cent slightly easier than Wednesday. Those in the bank market leaning towards higher interest rates were given further heart yesterday when Chase Manhattan Bank increased its prime rate to 11¾ per cent from 11½ per cent. This leaves just one major bank with a prime rate of 11½ per cent, that being Citibank N.Y., and it could possibly fall into line after today's weekly calculation.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were higher yesterday after Wednesday's increase in the Belgian bank rate. One-month deposits rose to 7⅜-7⅝ per cent from 7¼-7⅜ per cent and three-month deposits were firmer at 8⅛-8⅜ per cent compared with 8⅛-8⅜ per cent. The six-month rate stood at 8⅜-8⅝ per cent from 8⅛-8⅜ per cent and 12-month money increased to 8⅜-8⅝ per cent from 8⅛-8⅜ per cent.

HONG KONG—Conditions in the money market were generally easy, with overnight money at 12¾ per cent and call money at 13¼ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of Treasury bills all direct from the discount houses. The latter were paying up to 12 per cent for secured call loans at the start with closing balances taken in the region of 11½-12 per cent.

The market was faced with the repayment of Wednesday's large market advances as well as a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a small way above target and there was a small decrease in the note circulation. This was in addition to a moderate excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market overnight loans opened at 12¼-12⅜ per cent and eased to 12-12¼ per cent for most of the morning before coming back to 11½-12 per cent. Rates then touched 12¼-12½ per cent before closing balances were taken in the region of 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 3 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-12¼	—	—	—	12¼	11½-12	—	—	—
2 days notice	—	—	12⅛-12¼	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12¼	12⅛-12¼	—	—	12¼	11¾-12	—	—	—
One month	11⅞-11⅜	11⅞-12⅛	12-12⅛	12⅜-12⅛	12⅜	12¼	11⅞	11⅝-11⅜	11⅝-11⅞	12⅛
Two months	11⅞-11⅜	11⅞-11⅞	—	11⅞-12	12⅜	12¼	12	11⅞-11⅜	11⅜-11⅜	12⅛
Three months	11⅞-11⅜	11⅞-11⅞	11⅞-11⅜	11⅞-11⅞	11⅞	12	11	11¼-11⅜	11-11⅛	11⅞
Six months	11⅞-11⅞	11⅞-11⅜	11⅞-11⅝	11⅞-11⅞	11⅞	—	—	—	10⅞-10⅞	11⅞
Nine months	10⅞-10⅞	11-11⅛	—	11⅞-11	11⅛	—	—	—	—	—
One year	10⅞-10⅞	10⅞-11⅛	11⅛	11⅛-10⅞	11⅛	—	—	—	—	—
Two years	—	—	11⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 11¾-11⅞ per cent; four years 11¾-12 per cent; five years 11⅞-12 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10⅞-10⅞ per cent; four-month trade bills 11⅞ per cent.

Approximate selling rates for one-month Treasury Bills 11⅜ per cent; two-month 11⅜ per cent; three-month 11⅜ per cent. Approximate selling rate for one-month bank bills 11⅜ per cent; two-month 11⅜-11⅛ per cent; and three-month 11⅜-11¼ per cent; one-month trade bills 12¼ per cent; two-month 12¼ per cent; and three-month 11⅞-11⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 8-8½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.2863 per cent.

GOLD

Easier trend

Gold fell $¼ to close at $246¼-247 in very quiet trading. It opened at $246½-247, and was fixed at $245.90 in the morning, and $246.50 in the afternoon. The Krugerrand's premium over its gold content widened to 5.22 per cent from 4.91 per cent for domestic delivery, and to 3.19 per cent from 3.09 per cent in the international market.

In Paris the 12½ kilo gold bar was fixed at FFr 35,100 per kilo ($249.52 per ounce) in the afternoon, compared with FFr 35,105 ($249.92) in the morning, and FFr 35,200 ($250.61) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 15,030 per kilo ($246.10 per ounce) compared with DM 15,070 ($246.64) previously.

	May 3	May 2
Gold Bullion (fine ounce)		
Close	$246¼-247 (£118.6-119.0)	$246½-247¼ (£119.2-119.6)
Opening	$246½-247 (£118.8-119.0)	$246½-247¼ (£119.2-119.8)
Morning fixing	$245.90 (£118.295)	$246.60 (£119.046)
Afternoon fixing	$246.50 (£118.738)	$246.30 (£118.957)
Gold Coins, domestically		
Krugerrand	$257¼-261¼ (£124-126)	$257-261 (£124½-126½)
New Sovereigns	$68-70 (£32¾-33¾)	$67-69 (£32¾-33¾)
Old Sovereigns	$77¼-79¼	$77½-79½
Gold Coins, internationally		
Krugerrand	$253½-255½ (£122-123)	$253¼-255¼ (£122½-123½)
New Sovereigns	$64-65 (£30½-31½)	$63½-65½ (£30½-31½)
Old Sovereigns	$82½-84½ (£39½-40½)	$83½-85½ (£40¼-41¼)
$20 Eagles	$355-360	$355-360
$10 Eagles	$195-200	$192½-197½
$5 Eagles	$134-139	$132½-137½

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.25
Treasury Bills (13-week)	9.53
Treasury Bills (26-week)	9.58

GERMANY

Discount Rate	4
Overnight Rate	5.25
One month	5.45
Three months	5.75
Six months	6.10

FRANCE

Discount Rate	9.5
Overnight Rate	7.125
One month	6.9375
Three months	7.125
Six months	7.375

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.0625
Bills Discount (three-month)	5.625

NOTICE OF THE MEETING OF THE HOLDERS OF U.S. $50,000,000 8 PER CENT. GUARANTEED NOTES 1983 OF KOCKUMS AB (FORMERLY KOCKUMS MEKANISKA VERKSTADS AB) TO BE HELD ON 29th MAY, 1979.

KOCKUMS AB

To the holders of U.S. $50,000,000 8 per cent. Guaranteed Notes 1983 of Kockums AB.

NOTICE IS HEREBY GIVEN that a meeting of the holders of U.S. $50,000,000 8 per cent. Guaranteed Notes 1983 of Kockums AB (the "Company") which Notes are constituted by a Trust Deed dated 18th November, 1976 and made among the Company (1) the Swedish National Debt Office on behalf of the Kingdom of Sweden (2) and The Law Debenture Corporation, Limited (the "Trustee") (3), will be held on 29th May, 1979 at 2.30 p.m. at the offices of Hambros Bank Limited at 41 Bishopsgate, London EC2P 2AA for the purpose of considering and, if thought fit, passing an Extraordinary Resolution, which is proposed by the Company, to authorise and empower the Trustee to concur in and execute a Deed of Novation which would provide for the transfer of the liability under the Notes from the Company to

SVENSKA VARV AB

a company wholly owned by the Swedish State, to take effect upon the transfer of certain assets and liabilities of the Company to Svenska Varv AB becoming effective. It is expected that this will occur on 15th June, 1979. This will not affect the guarantee of the Swedish National Debt Office on behalf of the Kingdom of Sweden which guarantee will continue in full force and effect. The proposed Extraordinary Resolution is as follows:—

"THAT this Meeting hereby assents to the liability of Kockums AB under the Trust Deed dated 18th November, 1976 between Kockums AB, the Swedish National Debt Office on behalf of the Kingdom of Sweden and The Law Debenture Corporation, Limited and the Notes constituted thereby being transferred to Svenska Varv AB upon the terms of a Deed of Novation a draft of which is laid before the Meeting and signed for the purpose of identification by the Chairman hereof, and that The Law Debenture Corporation, Limited be and is hereby authorised and is directed to enter into the Deed of Novation substantially in the form of the said draft."

To attend the meeting holders must either produce their Notes* or voting certificates. Holders must deposit their Notes with any paying agent not later than 48 hours before the time appointed for holding the meeting for the purpose of obtaining voting certificates. Such certificates will state that on the date of deposit Notes of a specified amount and bearing specified serial numbers were deposited in an account which will be blocked until the earliest of (a) the conclusion of the above meeting or any adjournment thereof or (b) the surrender of such certificate to the paying agent who issued the same. Notes may be deposited at any of the following addresses:—

PAYING AGENTS

London:
Hambros Bank Limited,
41, Bishopsgate,
London EC2P 2AA.

Brussels:
Kredietbank NV,
Arenbergstraat 7
B-1000 Brussels.

Luxembourg:
Kredietbank SA Luxembourgeoise
37 rue Notre Dame,
Luxembourg.

New York:
Manufacturers and Traders Trust Company
654 Madison Avenue,
New York NY 10021.

Stockholm:
Skandinaviska Enskilda Banken,
Kungsträdgårdsgatan 8
S-106 40 Stockholm.

Basle:
Swiss Bank Corporation,
Aeschenvorstadt 1,
CH-4002 Basle.

Should Noteholders not wish to be present in person the voting certificate also contains provisions for voting instructions to be given in favour of the paying agent with whom the relevant Notes are deposited.

The Noteholders' meeting requires a quorum of two qualified voters together holding or representing in the aggregate a clear majority of the principal amount of the Notes for the time being outstanding. Should the requisite quorum not be present it is expected that the meeting will be adjourned to 13th June, 1979 at the same time and place. At such adjourned meeting two qualified voters (whatever the principal amount of the Notes held or represented by them) will form a quorum. At the meeting the passing of the Extraordinary Resolution requires a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or, if a poll be duly demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll. If duly passed the Resolution will be binding upon all Noteholders whether present or not at such meeting.

Copies of a letter to Noteholders explaining the proposals are available for collection, and a copy of the Trust Deed and the proposed Deed of Novation may be inspected, at each of the above-mentioned addresses and at the office of the Trustee at Estates House, 66 Gresham Street, London EC2V 7HX.

KOCKUMS AB — 4th May 1979

*The attention of Noteholders is drawn to the fact that the Notes are bearer foreign currency securities for the purposes of United Kingdom Exchange Control Regulations which require the Notes to be lodged with an Authorised Depositary when physically within the United Kingdom. Authorised Depositaries are defined in Bank of England Notice E.C.1.

BANCA POPOLARE DI NOVARA

Società Cooperativa a Responsabilità Limitata
Registered and Head Office : Novara, Italy.

Representative Offices :
Brussels, Caracas, Frankfurt am Main,
London, New York, Paris and Zurich.
Adviser in Moscow.

Established 1871

The most significant items in the Balance Sheet at 31st December 1978 are:

ASSETS	Lire millions	US$ thousands
Cash and Banks	782,029	942,488
Special Deposits with the Issuing Bank	899,968	1,084,625
Investments	2,185,163	2,633,520
Loans and Discounts	2,053,634	2,475,003
Real Estate, Equipment, etc.	78,128	94,158
Bills for Collection	215,424	259,625
Other Assets	867,349	1,045,314
Contra Accounts	4,817,828	5,806,361
Total	11,899,523	14,341,094

LIABILITIES	Lire millions	US$ thousands
Capital	12,338	14,870
Reserves and Funds	217,968	262,691
Deposit and Current Accounts	5,972,836	7,198,356
Creditors for Bills for Collection	155,042	186,854
Other Liabilities	709,175	854,685
Net Profit	14,336	17,277
Contra Accounts	4,817,828	5,806,361
Total	11,899,523	14,341,094

The dollar conversion has been made at the rate of Lire 829.76

London Representative Office

299 Salisbury House, Finsbury Circus, London EC2M 5QQ

Telephone : 01-628 0237/8 Telex : 887239 NOVBA G

WORLD STOCK MARKETS

Wall St. up 4.7 in fairly active early trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—57% (60¾%)
Effective $2.0770—24⅞% (27¼%)

AFTER LACKING direction on Wednesday, Wall Street adopted a firmer stance yesterday morning in another fairly active trade, helped by strength in IBM and General Motors.

The Dow Jones Industrial Average moved ahead 4.68 to 860.19 at 1 pm, while the NYSE

Closing prices and market reports were not available for this edition.

All Common Index gained 21 cents to $57.57 and rises outscored falls by a seven-to-five margin. Turnover came to 21.34m shares, against Wednesday's 1 pm figure of 20.37m.

Analysts said a Commerce Department report that the U.S. first-quarter trade deficit was the lowest since the 1974 fourth-quarter was encouraging.

However, they added that April wholesale price index news was discouraging, because even though the overall rate of rise slowed in April to 0.9 per cent from 1 per cent in March, price increases of non-food items accelerated to 1.3 per cent from a 0.9 per cent rate.

Furthermore, Chase Manhattan Bank raised its Prime Rate ¼ of a point to 11¾ per cent, bringing it back in line with most major banks.

IBM, whose shareholders on Monday approved a four-for-one stock split, continued to rise, adding 2⅞ at $320⅞. Last week, IBM traded as low as $307.

General Motors was also strong, advancing 1⅛ to $59⅜ in active trading.

Chrysler, however, were unchanged at $9⅞. The company said first-quarter losses were less than half those of the year-ago quarter.

Gaming shares advanced. Caesars World, which is making a three-for-one stock split, jumped 4½ to $78¼ in active trading. Bally Manufacturing gained 1½ to $79¼ and volume leader Ramada Inns put on ⅛ to $14⅛.

Leading Retailers began reporting April sales but showed only fractional changes.

Fairchild Camera, subject of a $54 a share takeover bid from Gould, slipped 1¾ to $52¼.

National Airlines climbed $2 to $40¼. Pan-American World Airways has agreed to offer $50 a share for National, matching Eastern Airlines' competing bid. Pan-Am hardened ⅛ to $6⅛, while Eastern were unchanged at $7⅛.

Texas International Airlines, which holds more than 20 per cent of National's Common stock, gained ⅜ to $11¾ on the American Stock Exchange.

PRICES ON the American SE were also inclined to rise in an active business, the Amex index gaining 0.37 to 184.65 at 1 pm on volume of 2.97m shares (2.27m).

Bow Valley Industries climbed 2¼ to $26⅛, Total Petroleum (North America) ⅞ to $22¼ and General Exploration ⅜ to $8⅞.

Canada

Failing to maintain their recent upward momentum, markets showed a slightly easier bias at midday yesterday after quiet active trading. The Toronto Composite index was a marginal 0.3 off at 1,490.8 at noon, while Golds lost 6.2 to 1,653.4, Utilities 0.66 to 224.38 and Banks 0.30 to 309.25. The Oils and Gas index, however, rose 13.8 more to 2,282.1.

Coseka Resources shed ⅜ to C$7¼. Talks with Brinco concerning a combination of assets have been terminated. Brinco said it will merge with Conuco.

Asbestos fell 1½ more to C$46¼. The Quebec Finance Minister has recommended the expropriation of the company by the Province.

Greyhound Computer rose 10 cents to C$3.90 and Great Canadian Oil Sands ¼ to C$15¾. Both reported higher earnings.

Tokyo

Market was closed yesterday for Constitution Day.

Germany

Shares were again easier for choice yesterday following light trading. The Commerzbank index slipped 1.2 more to 781.4.

Motors were particularly depressed in apparent reaction to predictions of lower earnings for the Motor industry circulating among investors. Daimler Benz retreated DM5, Volkswagen DM3 and BMW DM2.

In Machine Manufacturers, leading shares were mostly lower with Gutehoffnungshuette falling DM 3.50. The company announced that it was issuing DM 61m nominal of new Common and Preferred stock, as authorised by shareholders. Linde shed DM 2.50 and KHD DM 1.00, but Mannesmann picked up DM 1.00 of its recent fall.

Dealers said that falling Bond prices were causing some insecurity on the stock market and pulling down the major Banks. Commerzbank declined DM 1.90, Dresdner Bank DM 1.10 and Deutsche Bank also DM 1.10.

Steels, however, were mostly firmer, with Kloeckner-Werke rising DM 2.20. Chemicals managed fresh small gains, Hoechst adding 60 pfennigs, while Utilities also hardened, RWE putting on 80 pfennigs.

Public Authority Bonds further weakened despite DM 26.1m nominal of Bundesbank purchases. Mark Foreign Loans were also lower.

Paris

Stock prices declined across a broad front in quiet trading, the Bourse Industrials index losing 0.9 to 80.7.

Most sectors were easier, except for Electricals, which were mixed, and Oils, which were steady.

Michelin "B" fell FFr 54 to FFr 1,065 despite announcing increased 1978 net profits.

Bouygues receded FFr 19 to FFr 920, Pernod Ricard FFr 6.8 to FFr 308.2, Poclain FFr 7 to FFr 197 and Creusot Loire FFr 2.4 to FFr 59.6, but Elf Aquitaine improved FFr 8 to FFr 599.

Hong Kong

Activity remained at a low ebb with the market again failing to establish a clear trend.

Hutchison Whampoa eased 2.5 cents to HK$4.075, while its subsidiary, City and Urban, was last traded at HK$1.48, up a cent from the previous night's close, ahead of its suspension at the end of the morning session on the withdrawal of Tai Cheung's supreme court petition against the company. Informed sources later said Hutchison had agreed to sell its shareholding in City and Urban to Tai Cheung.

HK Bank, HK Electric, HK Land and Swire Pacific were unchanged, while Jardine Matheson shed 10 cents to HK$11.50, and Wheelock 5 cents to HK$3.175.

Hang Seng Bank declined HK$1.00 to HK$149.00, but China Light hardened 20 cents to HK$21.20, Hong Kong Hotels 10 cents to HK$16.10, Hong Kong Land 1980 Warrants HK$2.00 to HK$382.00, and Sime Darby 40 cents to HK$7.50.

Australia

Shares mainly gained further ground yesterday, although some operators held to th esidelines awaiting the UK general election results. The Sydney All Ordinaries index moved ahead a further 3.64 to 588.45.

Among Minings, MIM, up 10 cents the previous day, added 4 cents at A$3.37 in response to the improved nine-months' results.

BH South gained 6 cents more to A$1.49, still buoyed by its new base metal find in New South Wales.

Bougainville Copper put on 4 cents to A$2.06, Hamersley 5 cents to A$2.75 and Metals Exploration 3 cents to 83 cents, but Uranium concern EZ Industries reced 7 cents to A$3.15.

Coal issues attracted fresh support, with Utah climbing another 15 cents to A$3.90, Coal and Allied 10 cents to A$5.70 and Thiess 5 cents to A$2.95, but Oakbridge reacted 4 cents to A$1.38.

Woolworths were 4 cents higher at A$1.52 in Stores, while Carlton United Brewery rose 4 cents to A$1.80 and ICI Australia 5 cents to A$2.21, but Ansett was a dull spot, losing 4 cents to A$1.16.

Bank of NSW gained 3 cents more to A$3.50 after its finance subsidiary AGC reported a 14.5 per cent profits improvement. In contrast, ANZ, up 28 cents over the past two days on expectations of good interim results, shed 3 cents to A$4.45.

Johannesburg

Gold shares were modestly firmer on cautious buying ahead of the UK election results.

Mining Financials were steady to marginally firmer. Coppers lost a few cents in line with lower free market prices, but Collieries hardened a shade. Industrials edged ahead in thin trading. Abercon advanced 13 cents to R2.33.

Amsterdam

Bourse prices were firmer-inclined following a moderate business.

Indices

NEW YORK

CANADA

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
¶ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings.
c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

SPAIN ♥

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ¶

COPENHAGEN ♣

PARIS

MILAN

VIENNA

BRAZIL

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1412

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Banks Ltd.	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Julian S. Hodge	13 %
American Express Bk.	12 %	Hongkong & Shanghai	12 %
A P Bank Ltd.	12 %	Industrial Bk. of Scot.	12 %
Henry Ansbacher	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	13 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
Bank of Credit & Cmce.	12 %	London Mercantile	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13½ %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Brit. Bank of Mid. East	12 %	P. S. Refson & Co.	12 %
■ Brown Shipley	12 %	Rossminster	12 %
Canada Perm't Trust	12 %	Royal Bk. Canada Tst.	12 %
Cayzer Ltd.	12 %	Schlesinger Limited	12 %
Cedar Holdings	12 %	E. S. Schwab	12 %
■ Charterhouse Japhet	12 %	Security Trust Co. Ltd.	13 %
Choulartons	12 %	Shenley Trust	14 %
C. E. Coates	12 %	Standard Chartered	12 %
Consolidated Credits	12 %	Trade Dev. Bank	12 %
Co-operative Bank	*12 %	Trustee Savings Bank	12 %
Corinthian Secs.	12 %	Twentieth Century Bk.	13 %
Credit Lyonnais	12 %	United Bank of Kuwait	12 %
The Cyprus Popular Bk.	12 %	Whiteaway Laidlaw	12½ %
Duncan Lawrie	12 %	Williams & Glyn's	12 %
Eagil Trust	12 %	Yorkshire Bank	12 %
English Transcont.	13 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

FINANCIAL TIMES SURVEY

Friday May 4 1979

Monterrey

Monterrey is one of the principal industrial centres of Mexico, producing a wide range of goods from steel to petrochemicals. Today it faces some major problems as the Government in Mexico City is encouraging greater competition, higher efficiency and lower prices in the domestic market.

MONTERREY II

A hive of private enterprise

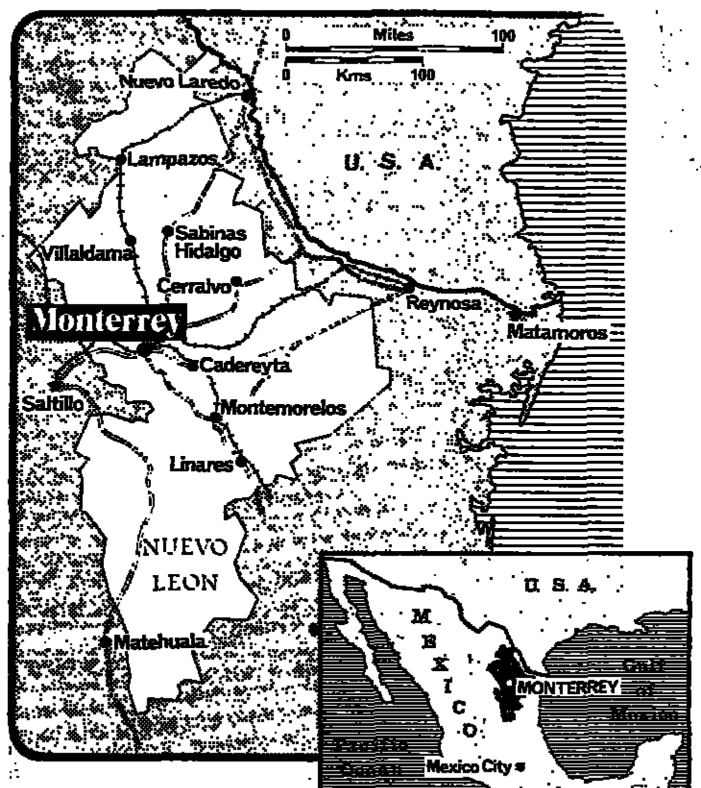
By Hugh O'Shaughnessy, Latin America Correspondent

THERE IS a superb museum in Monterrey, one of the best in Mexico. Its rooms are filled with fine pre-Colombian sculpture and ceramics, a wide selection of colonial painting and works of art and a good collection of modern masters: Siqueiros, Tamayo and the rest. Nowhere in the country, one can safely say, is the range of Mexican artistic achievement better displayed in one place. And there is free beer. It is characteristic of the city which has been built up by the private sector that this display of national riches should be in private hands, exhibited in a brewery. It is a highly efficient brewery, the Cerveceria Cuauhtemoc, which produces a renowned beer. Its artistic activities—which also include the staging of concerts—serve as a daily demonstration by the owners that they believe that the public sector should not be encouraged to do anything, even run museums, that private effort wants to take on.

It is not without significance that the city boasts what is said to be the world's largest branch of Rotary, the private businessman's worldwide organisation. Private enterprise has in the course of this century transformed what was a dusty and ill-considered city in the north of Mexico, a hundred miles from the present border with the U.S., into a grimy and immensely energetic industrial centre, which is a by-word for productivity. Having created a hive of activity, the captains of industry in Monterrey are extremely anxious that the growing power of a central government, newly enriched by swelling oil revenues, should not be used in their city to disturb the fixed order of things as they see it.

The industrial take-off dates from the beginning of the century and the founding by the Garza and the Sada families of a number of basic industries, notably the Cuauhtemoc brewery. With diligence, application and a certain measure of ruthlessness, the industrial founding fathers of the city slowly consolidated themselves into what is referred to elsewhere in Mexico as the Grupo Monterrey or Monterrey Group. The Grupo Monterrey has grown into a Mexican legend and is today credited with a whole range of achievements, from producing the best steel in Latin America is being the power behind the throne of almost every president in Mexico City.

The Grupo, once centralised in the hands of a dynasty of industrialists by the name of Garza Sada, is now split into four distinct sections, all of which, however, work very closely together and in which the two family names constantly recur.



Patented

The heavy industry of Monterrey is well represented in the Grupo Alfa. A holding company, Alfa, controls HYLSA (Hojalata y Lamina, Sociedad Anonima), a steelmaking complex which has patented a process for the production of sponge iron by direct reduction or ores. HYLSA is the principal remaining private sector steel industry in the city, Fundidora, a company which started in the private sector, having been sold off to the public sector after running into difficulties. Alfa also controls other concerns in plastics, electronics, petrochemicals, paper and packaging and mining and has recently begun to diversify away from industry with ventures into real estate and resort management. It claims assets of more than $1.1bn. Its chief executive is Sr. Bernardo Garza Sada.

The second component of the Grupo is the FIC (Fomento de Industria y Comercio), which has grown out of the glass-making interests of the founding fathers. Besides forming an association with Pilkington of St. Helens to produce float glass, FIC has branched out into plastic containers and machinery production. It owns mines in many parts of the country, from which it is assured of its raw materials. It has sold windscreens to many of the world's leading motor manufacturers from Japan to the U.S. Its president is Sr. Rogelio Sada Zambrano. An associated bank is Banpais, whose general manager is Sr. Adrian Sada.

Third comes the Visa (Valores Industriales, Sociedad Anonima) Group where the financial heart of the Grupo Monterrey is housed. The Banca Serfin, Mexico's third largest, has its headquarters in the city. Its existence makes it virtually unnecessary for the Grupo to go outside its own circle for any finance that it might want. But Visa also has in its orbit the Cuauhtemoc brewery—and art gallery—and a range of other companies making products as different as animal feeds and building materials.

Lastly comes SYDSA, chairman Sr. Andres Marcelo Sada. Iit concentrates more on chemicals than does any other membefor of the group and turns out rayons, PVC, acrylic fibres and many more products.

It will be seen, therefore that these four interlocking units provide almost all the products necessary to make Monterrey a centre of diversified industrial production. With such an industrial dominance it is not surprising that the Grupo Monterrey aspires to a large say in the running of the city, and indeed, the industrial policy of the country.

In its home base it prides itself on providing a high standard of welfare services to those who are in its employ. Those who have a record of service to the companies can expect health care, subsidised meals and a good standard of housing, all provided with efficiency, no mean advantage in a country where the state benefits can be sparse and erratic.

The Grupo looks upon the capital as any industrial elite loks on a non-productive administrative centre, as a city where the resources of the resources of the nation are liable to be squandered on ill-organised schemes. The Garzas and the Sadas therefore have often had a difficult relationship with the Federal Government and its representatives in Monterrey.

While the Grupo has for decades benefitted from tariff barriers which have enabled it to fend off competition from the manufacturing giants north of the border, it has not hesitated to complain loudly when the central administration has sought to trim its privileges. Not just to camplain but also to act. Action by interest groups in the city to transfer assets—quite legally, it should be said—over the northern border into the U.S. was seen, rightly or wrongly, as important in precipitating the devaluation of the Mexican peso at the end of the administration of President Luis Echeverria in 1976, when his populist speeches became particularly unwelcome.

The difficulties between the Grupo and the Mexican national Government have been reflected in the relationship between local industrialists and Sr. Pedro Zorrilla Martinez, Mexico City's nominee to the governorship of Nuevo Leon, the state whose capital Monterrey is. This relationship has in the past two or three years reached such a state of frigidity that one side hardly spoke to the other.

It is likely that this powerful city's relations with the centre will continue to be controversial. Much of the controversy centres around the role to be played by Petroleos Mexicanos, the giant state oil company, in the future development of the city and its surrounding region.

A few weeks ago President Jose Lopez Portillo opened Pemex's Cadereyta oil refinery on the outskirts of the city. The silent and gleaming mass of pipes presents a strange, and, for some, menacing, contrast with the belching fumes of the steelworks within the city.

Pemex brings the possibility of big, new and possibly cheap sources of raw materials and fuels for Monterrey's factories. At the same time Pemex's presence marks the arrival on the Monterrey scene of the first industrial giant not controlled from within the city limits.

But more challenging than the physical presence of Pemex are the macroecbnomic changes which will be brought about by the new pre-eminence of oil on the Mexican scene. Any decision by the Government in Mexico City to go ahead with its proposed plan to temper the inflationary effects of the big new oil finds by cutting tariffs and applying for membership of the General Agreement on Tariffs and Trade (GATT) could hit the manufacturers of Monterrey hard. Whether or not Mexico accedes to GATT, the Government's decision slowly to reduce the protection given to domestic industry will demand a good deal of new, fast thinking in Monterrey.

It is most likely that the new Governor, Sr. Alfonso Martinez Dominguez, who replaces the controversial Sr. Zorrilla in a few weeks time, will be much more acceptable to the industrialists than was his predecessor, but there will be a limit to how much even his legendary political gifts will be able to achieve for Monterrey industry if Mexico City is determined to make the winds of competition blow more fiercely round the country's factories.

Urban developments

A planner's nightmare

Monterrey is growing at an alarming rate. Forty years ago the population of the metropolitan area was 200,000 and now it is over 2m. By the year 2000 it could be as high as 5.5m Like Mexico City, Monterrey is a magnet for the vast pool of unemployed who are deserting the countryside and swelling the cities.

Monterrey has not yet reached the situation of Mexico City (population 14m) where traffic is chaotic and the air smoggy, but it is heading in that direction and is already a planners nightmare.

On the outskirts of the city are numerous "lost cities" inhabited by people who have come from other parts of Mexico and the rural areas of the state of Nuevo Leon. They are a world apart and, in stark contrast to the comfortable cuburbs, point out the other side of the Monterrey coin.

Between 1950 and 1960 the population of the state of Neuvo Leon increased by 338,657 people, according to official statistics. Of this number 64,671 came from other parts of Mexico.

Between 1960 and 1970 the state's population increased by 615,841 of which 162,335 people came from outside. More and more the population increase in Monterrey is due not to the birth rate, which in fact is declining, but to the large number of people who migrate to the area.

In part it can be said that the higher life expectation of the "regiomontano," or inhabitant of the city who now lives for an average of 65 years compared to only 48 in 1940, is also contributing to the sharp population increase. But the decisive factor is migration.

Improved

The annual birth rate in 1970 was 43 children born to every 1,000 people, compared with 46 in 1940, and with improved medical services the death rate had fallen from 17 deaths per 1,000 people a year to seven. This gave a natural population growth rate of 3.6 per cent a year in 1970 in the state of Nuevo Leon. But in fact the population is increasing by about 5.5 per cent—nearly half the population increase can be attributed to people moving to Monterrey.

If to this is added the drastic situation of unemployment and underemployment, which proportionally is worse in Monterrey than in Mexico City, then there is a crying need for action to be taken to stem the flow of people arriving before the situation gets out of hand.

Town planners recognise this but do not believe that the situation will radically improve. Monterrey's problem has to be set in the national context and it is a vicious circle.

The tremendous economic power of Monterrey and the brash image which it projects upon the rest of the country, means that people arrive expecting to find work. Monterrey is expanding, and so naturally in the eyes of the families who leave their villages there is more incentive to seek work elsewhere. As little is being done to improve their plight in the countryside, there is no incentive to stay put.

The harsh reality is that while so many do find odd jobs here and there, like cleaning shoes, or are employed for a few months a year in the construction industry, only a few lucky ones are permanently employed.

Seventy six per cent of the population of Nuevo Leon now works in urban areas—which means Monterrey—compared to 43 per cent in 1940. The next largest city after Monterrey is Linares with 30,000 people. It has little industry and so everyone makes for Monterrey, which apart from being an industrial centre, has the added advantage of being near to the U.S. frontier. Thousands try to cross the border illegally every year.

Officially unemployment in Monterray is 7.5 per cent, but this calculation only takes into account those who have no work and are actively looking for a job. It does not include the unemployed who stay at home nor the great many who are under-employed.

The cruel part of the situation is that the great majority who come to Monterrey are not qualified to work in the industries which demand skilled labour. One-third of the labour force works in manufacturing industries and one-quarter in services. Less than 2 per cent work in the countryside.

The net result is that planners are wrinkling their brows in trying to work out what can be done. A national urban development plan is being considered, which would put cities into different categories. Those like Mexico City would be developed less in the future in favour of smaller ones, medium size cities like Monterrey would be between the two.

The truth of the matter is that there has been little urban vision in Mexico. The problems have been allowed to accumulate to such an extent that one wonders whether anything can really be done to ameliorate them.

In the centre of Monterrey there is piped music in the shopping centre and no lack of services. In the "lost cities" there is no water in houses—shacks built from block bricks and wood—no drainage and few lights.

It is estimated that at least 400,000 people in the Monterrey metropolitan area live in an "irregular" situation, which ranges from a vast settlement called "Tierra y libertad" (land and freedom) to smaller colonies dotted around the area.

The great majority are living on land which has been invaded, and in some cases the ownership has later been made legal.

"Tierra y libertad"—the famous battlecry of Emiliano Zapata during the 1910 revolution which overthrew the Porfirio Diaz dictatorship—is a social phenomenon which illustrates graphically the plight of the poor. Its formation dates from 1968 when students in the medicine and economics departments of the university in Nuevo Leon were in the vanguard of opposition to the authorities. At that time migration to Monterrey was at its peak.

The massacre of hundreds of students on the eve of the Olympic Games in 1968 had a profound effect on many student leaders. Those who did not join guerrilla groups which sprang up — or were not "bought" by the ruling Institutional Revolutionary Party with tempting offers of jobs in the system—channelled their energies into projects like "Tierra y libertad." It was formally founded in 1973 on the lines of Maoist communes.

Apart from the occasional confrontation with the police, the authorities have left "Tierra y libertad" alone. Some 3,000 families live there, and the settlement runs its own schools and has a clinic—built with funds from the university. Electricity is tapped off from nearby pylons, and the dusty, unpaved streets have collective water taps. There is a transport system to take people into Monterrey, and every decision which affects the community is put to a twice weekly general assembly.

Shortly after "Tierra y libertad" was formed state authorities formed Fomerrey whose function is to solve land ownership problems. Fomerrey discusses prices with land-owners whose property has been invaded. The land is bought at the cheapest price possible, with the owner knowing that if he resists often the family occupying the land will stay there anyway. Fomerrey then sells the land to the occupiers, who pay 50 pesos a week until they have paid on average 5,000 pesos ($221) for the plot. For the great majority who come to Monterrey this is the only way that they can ever own a plot of urban land.

When Zapata shouted "Tierra y libertad" he was speaking for the mass of peasants who wanted a decent standard of living in the countryside. What worries town planners now is that the same slogan is being used in cities.

William Chislett

MONTERREY IV

Iron and steel

Still below capacity

MONTERREY IS the steel centre of Mexico. One-third of the country's steel is produced by two Monterrey plants: Hylsa, which is privately owned, and Fundidora Monterrey, which is part of Sidermex, the Government's umbrella organisation for the State steel sector.

In 1978 total raw steel production was 6.7m tonnes, of which Hylsa produced 1.4m tonnes and Fundidora 960,000 tonnes. Hylsa, which is the core of the Alfa Industrial Group, is the most buoyant of all Mexico's steel plants, with profits in 1978 of 900m pesos ($39.8m). Fundidora finished the year with losses of 500m pesos ($22.1m).

Mexico's installed production capacity is now 9m tonnes, which is sufficient to meet demand until 1980, but imports of some steel products are high because Fundidora and the two other State steel plants, Altos Hornos and Sicartsa, produce well below capacity. Pemex, the State-owned oil monopoly, had to import 850,000 tonnes of large diameter pipe in order to construct the gas pipeline from Cactus in the southern oil fields to San Fernando near Monterrey which was formally opened in March.

Domestic demand will reach 15m tonnes by 1985 and 24m tonnes by the year 2000. Expansions are planned to raise capacity from 9m tonnes to 11.7m tonnes by 1981, which the Ministry of Nationalised Industries and Industrial Development estimates will cost 35bn pesos (1.5bn). Hylsa is to increase its capacity from 1.5m tonnes to 2.3m tonnes and Fundidora Monterrey from 1.5m tonnes to 1.8m tonnes.

Fundidora which started life in the private sector has had a troubled history but it does now appear to be coming out of its crisis. Unlike Hylsa, Fundidora was caught by the devaluation of the peso in 1976 when it had an external debt of $360m. The Government came to its rescue, as it did also to Altos Hornos and Sicartsa, and in 1978 Fundidora's debt was refinanced with a three-year grace period. In addition, Nacional Financiera, the Government development bank, has given Fundidora a credit line of $150m.

During 1977 and 1978 Fundidora lost 109 working days as a result of strikes. The debt burden and the strikes meant that the third stage of Fundidora's expansion programme, which raised installed capacity to 1.5m tonnes at a cost of $360m, never bore fruit. Production in 1977 was 700,000 tonnes and losses 700m pesos ($30.9m). Last year was a better one for production and this year Fundidora is expecting an improved strike record which could see production of about 1.2m tonnes.

The production figure of 1.2m tonnes is considered the break-even point and if it is reached Fundidora could start to make a modest profit estimated at 100m pesos ($4.4m) this year.

Hylsa has labour as well as technological advantages over Fundidora. It has never had a strike in its 36-year history. It was also the inventor of the famous Hyl process for the direct reduction of iron into sponge iron for the manufacture of steel.

The Hyl process gives the lie to the generally held belief that Mexico is incapable of producing its own technology. Hylsa started life in 1943 as a small laminating plant with 16 workers. When the decision was taken to become a fully integrated mill in the early 1950s a way had to be found to face the established competition of Fundidora and Altos Hornos.

To survive such competition Hylsa needed a technology with minimum cost and high growth potential. Most of the world's steel is made by the indirect process using bituminous coal to form coke which is then mixed with limestone in blast furnaces, which are costly installations.

Hylsa began experimenting and in 1956 started its first pilot plant. The problem of how to make a commercial success of an ancient process, in which the ore was put directly into a wood- or coal-heated oven, mixed with air and the emerging sponge iron hammered into shape, had eluded many steelmakers—but not Hylsa.

The process is now used in some 17 countries, and Altos Hornos in Mexico is considering using it.

Hylsa is finding a big demand for reinforcing bars for the construction industry. Steel Affiliates, a new arm of the Alfa Steel Division, is starting to meet the growing demand for a wide variety of specialised products including high-quality cast and machined parts for Mexico's car, petroleum, agricultural and mining industries. Traditionally these products have been imported.

Under the last Government relations between the State and private steel companies were not good. "These days are now over," commented a Hylsa official. "There is now far more consultation between the two sectors."

W.C.

Mr. Arturo Perez Ayala, HYL sales manager for the commercialisation of sponge iron. HYL is part of Grupo Industrial Alfa

Chemicals

A flourishing industry

PRIVATE INDUSTRY runs the secondary petrochemical sector in Mexico. Nowhere is it more flourishing than in Monterrey, where companies produce acrylic fibres, transparent films, chlorine, caustic soda, sulphuric acid, carbon disulphide and other chemicals.

Mexico's booming oil and natural gas production means that fewer raw materials have to be bought abroad. With many of their raw materials bought from the public sector, which controls primary petrochemicals, companies are moving into new products.

In March Pemex, the State-owned oil monopoly, opened a large refinery outside Monterrey at a cost of 10.5bn pesos ($464m). The refinery, one of the largest in the country, will produce 235,000 barrels a day of refined products like liquid gas and kerosene.

Between now and 1982 Mexico's basic petrochemical industry is expected to triple capacity to around 19.4m tonnes a year. Basic production in 1977 was 4.2m tonnes—63 times more than in 1960 and the Mexican industry is now the largest in Latin America.

Similarly the private sector has tremendous expansion plans. The CYDSA group operates through five divisions: fibres, plastics, films, chemicals and packaging. Started in 1945 as Celulosa y Derivados it quickly moved from making rayon filament for textile and industrial use into other products.

Total assets of the holding company are $320m; sales $205m and profits $20m.

The fibres division produces rayon filament in its Monterrey plant as well as acrylic fibres at its plant near Guadalajara on the west coast. This plant was recently expanded to raise its production capacity to 46,000 tonnes a year—the largest in Latin America.

In Mexico City CYDSA has the country's largest producer of PVC. The construction of a second plant with a capacity of 72,000 tonnes a year is under way in the Tampico area.

At Coatzacoalcos in the State of Veracruz, CYDSA has the only plant in Mexico and Latin America which manufactures TDI, the raw material for the production of flexible and semi-rigid foams and other polyurethane derivatives. There is also a plant there which makes industrial and table salt.

This year CYDSA's packaging division will move into the production of transparent film of bioriented - polypropylene in Monterrey. The division already produces celophane.

CYDSA expects to invest 1.5bn pesos ($66m) this year compared to less than a billion pesos in 1978.

The other holding company which is moving quickly into chemical fibres and petroleum-derived materials is the Alfa Group. In 1977 Alfa incorporated Fibras Quimicas into its portfolio. It leads the market in the competitive synthetic fibre industry and works with Akzo, the Dutch chemicals company.

Alfa's Polioles has expanded its share of the market in glycols, which are used in the production of polyester fibres, to over 56 per cent. Polioles also produces polyols, the raw materials from which urethane plastics are made.

Last year Alfa bought Petrocel, which produces raw materials for synthetics fibres, as part of a greater integration in this sector.

The private sector is finding that there is a lot of money to be made in this area. Polioles, for example, made a profit of 105m pesos ($4.6m) in 1978 on assets of 1bn pesos ($44m).

For this reason the private sector is worried that the State might start to move into this area, hitherto their domain. But their fears are given little credence, if only because the present government at least is anxious not to provoke a breach in the good relations which now exist between Monterrey and Mexico City.

W.C.

Profile: Michael Southwood

APART FROM the formidable presence of Cigarrera La Moderna, the local affiliate of British American Tobacco—one of Britain's leading pharmaceutical companies—Burroughs Wellcome—is one of the few direct British manufacturing investments in Monterrey. For most of its ten-year history it has been run by Michael Southwood. Now in his early forties, Mike Southwood has spent 15 years working abroad for Wellcome and, before coming to Mexico, was working at the group's factory in Bombay. The Wellcome presence in Monterrey was something of an accident, he says, in that the company's Mexican agents persuaded Wellcome to start manufacturing in the city, which was where they had their base.

Wellcome started in Mexico in partnership with these distribution agents but bought them out and now have a wholly owned subsidiary employing about 100 people on the outskirts of the city, turning over about 70m pesos of business a year. Despite a late start in the Mexican market the company now claims to be the drug company which is expanding faster than all its rivals but one. During Southwood's time Wellcome has gone from about 75th position among the 875 pharmaceutical manufacturers in Mexica to 50th.

"In many countries Wellcome is among the top five or six companies and there is no reason why that could not be the case in Mexico," he says.

The company has a network of 52 sales representatives throughout Mexico and a branch office in Mexico City. Beside selling in the Mexican market Southwood sends about 10 per cent of his production abroad to export markets in Central America, using a distribution depot in the Colon Free Zone in Panama.

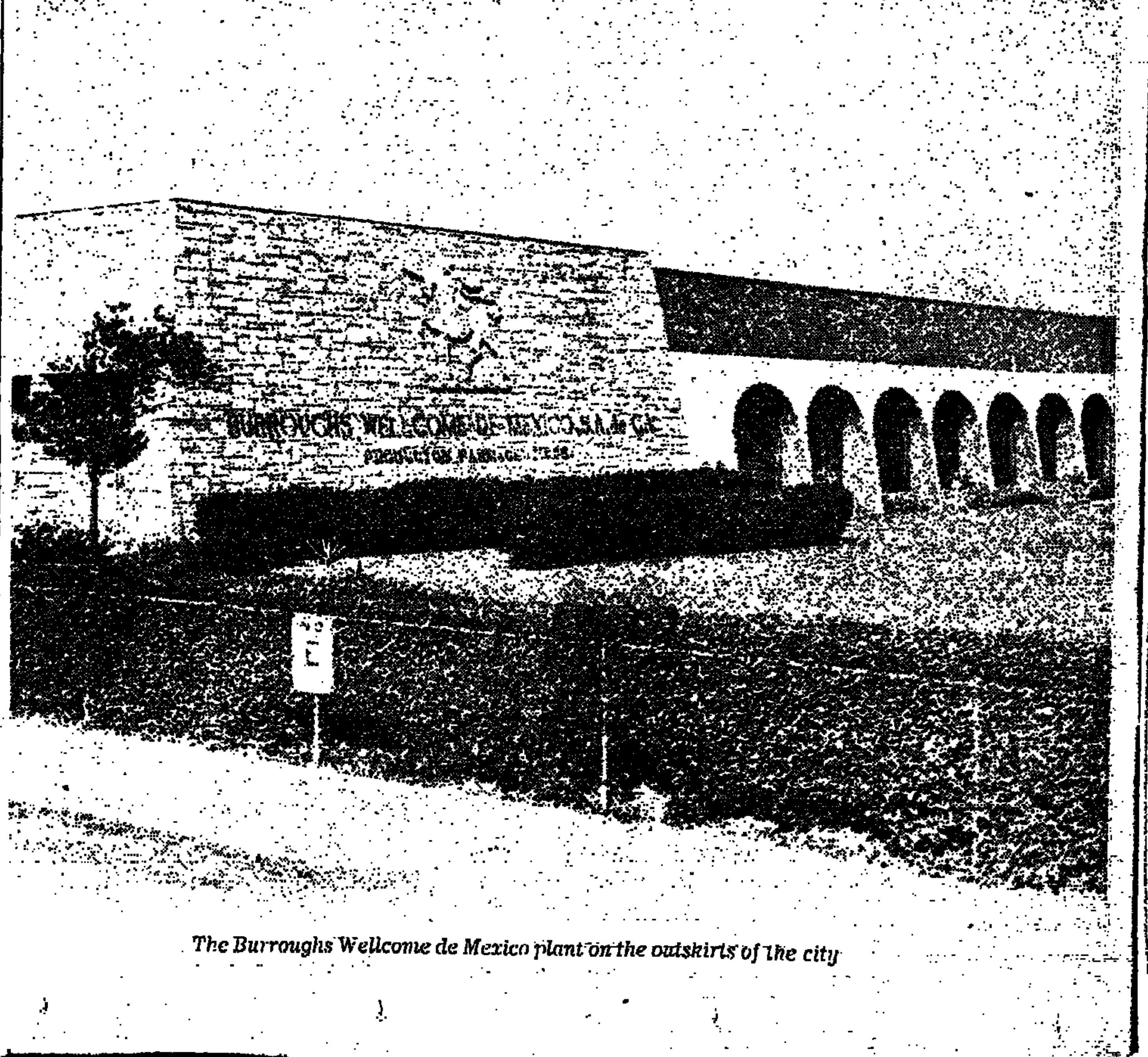
This year he expects to increase sales by nearly 30 per cent, helped perhaps by Government agreement to price increases which he claims are sorely needed. Work on expanding the plant will start in the next few months.

The operation in Monterrey has been through its traumas, and in particular the difficulties which arose in 1976 when the peso was devalued hugely and unexpectedly. This left greatly increased liabilities in peso terms to foreign suppliers and a crop of accounting headaches, but Southwood feels that these have been successfully overcome.

As the only foreign manufacturer of pharmaceuticals in Monterrey Wellcome feels a little cut off at times from day-to-day contact with its fellow manufacturers, who are heavily concentrated in Mexico City. At the same time Southwood says there are a good many advantages to Monterrey. "People here work harder than in Mexico City and staff turnover is minimal," he says. "If we lose two people a year we wonder what's going wrong. In Mexico City they have a constant turnover of staff."

Living conditions again are a great deal better than in the capital, which can be a nightmare of smog and traffic jams. Southwood finds Monterrey altogether less overpowering than Mexico City. "Despite the fact that it has 2m inhabitants Monterrey still has the atmosphere of a town, you could almost say a village."

H.O'S.



The Burroughs Wellcome de Mexico plant on the outskirts of the city

MONTERREY V

Industry

A finger in every pie

APART FROM producing a lot of Mexico's steel, Monterrey companies also produce billions of cigarettes, vast quantities of beer, thousands of tons of bsicuits, nearly 2m tons of cement, acres of sheet glass and fine glass and plastic products.

The 14 Monterrey-based holding companies range from Alfa, with assets of $1.1bn (June 1978) and a consolidated revenue in 1977 of $597m, to smaller ones like Grupo Ladrillera, with assets of $19.2m and sales of $15m. They employ directly 120,000 people throughout the country and there is hardly a pie in which one of the groups does not have a finger. The range of interests is broadening every year.

Success stores abound. The most famous is that of Cerveceria Cuauhtemoc, which is part of the Grupo Visa. Founded in 1890 by five local entrepreneurs, it was soon winning first prizes at the Chicago World Fair and the Milan Exhibition. By 1903 the company was expanding so quickly that it set up related industries.

A metal stamping plant was established and in 1909 Vidriera Monterrey was set up to supply the brewery with beer bottles. Vidriera is now the core of Grupo FIC, and the glass group contains more than 30 companies with 25,000 workers.

Then in 1926 Cerveceria Cuauhtemoc decided to supply itself with cardboard shipping cartons, and out of this grew one of Mexico's largest paper companies, Empaques de Carton Titan.

As the companies have diversified, so more holding companies have been formed, with an intricate labyrinth of ownership. In 1974 the stock of VISA was still controlled by the descendants of Cerveceria's five original founders. The largest blocks of stock belonged to the Garza Lagueras and the Garza Sadas, who were united by the patriarchal personality of Sr. Eugenio Sada. After he was assassinated in 1973, family rivalries intensified and the empire was quietly split up. The Garza Laguera family took the brewery and its satellites (Grupo Visa) and the Garza Sadas took control of the Hylsa steel group, core of Grupo Alfa.

The Glass Group (Grupo FIC) was never owned by Visa. Its connection to the brewery was through ownership of glass group stock by Visa stockholders.

Today Cerveceria Cuauhtemoc has over 30 per cent of the national market. In 1977 domestic sales volume reached 5.6m barrels, and last year sales were up by around 20 per cent. Mexicans are beer and not wine drinkers, and the Cerveceria brewery in Monterrey was considerably enlarged in 1978. An expansion programme is well under way at the Toluca plant near Mexico City.

Current sales of Cerveceria are nearly 8bn pesos ($353m). Fabricas Monterrey in the metal packaging area has sales of around 2bn pesos ($88m), and Malta which produces malt and basic materials for the brewery business has sales of 900m pesos. Grafo, another part of the Grupo Visa, specialises in flexible packaging and graphic arts, with around 400m pesos in sales.

Visa's profits as a group were 729m pesos in 1977 and for 1978 about 40 per cent higher. Visa expects to double its present total assets of 10.3bn pesos in the next five years as it moves into new areas such as fishing and tourism.

Profits

While most of the major groups are expanding at a breathtaking speed outside Monterrey, they are also pushing ahead with winning a greater share of export markets.

Cerveceria Cuauhtemoc sells about £3m worth of beer to the U.S., and two other Visa companies export a further £3m worth of canned and jar-packed speciality foods and fruit juice concentrates.

From its plants in Monterrey, Merida and Ensenada in the state of Baja California Norte, Grupo Cementos ships almost 200,000 tons of cement a year to the U.S. Galletera Mexicana, part of the Grupo Gamesa, ships nearly 8m lbs of biscuits to the U.S.

With Visa tending to concentrate its portfolio on the brewery and on food and packaging, Alfa, apart from its might steel plant Hylsa, has an extensive portfolio in nylon, chemical fibres, petroleum-derived raw materials, industrial motors and generators and television.

Nylon de Mexico, a recent acquisition, had a deficit of 20m pesos in 1976, the year of the devaluation of the peso. The company was totally reorganised and in 1977 reported a profit of 84m pesos. Fibras Quimicas is another recent acquisition and is Mexico's market leader in the very competitive synthetic fibre industry. Profits in 1977 increased by 26 per cent over 1976, and a similar increase is expected for 1978.

While everyone speaks of shining profits, pride of place should go to the F.I.C. group, whose shares in February 1978 were quoted at 290 pesos and a year later reached 1,750 pesos; the highest increase ever recorded in the Mexican stock exchange.

F.I.C. is a good example of a holding company which is involved in all stages of production from getting the raw material to producing the machinery for production of the glass and plastic containers.

When it started in 1909 as Vidriera Monterrey to help out Cerveceria Cuauhtemoc, it had to import all its machinery. In 1978 Vidriera exported 880m pesos of capital goods, a 43 per cent increase over 1977, some to the U.S.

FIC's 1978 profit was 800m pesos, a 37 per cent increase on 1977. The group invested twice as much last year as in 1977, with investment totalling 1.4bn pesos. The containers section of the group is expanding so quickly that 2,000 more people were employed in it last year, bringing the F.I.C. workforce up to 25,000.

The large groups like Alfa and Visa, which give Monterrey its "industrial shoulders," dominate many sectors. But there is still room for the small independent company.

Pigmentos y Oxidos is one such case. Founded 38 years ago by the Fernandez family with a couple of workers, it now produces half of Mexico's lead oxides and employs over 900 people.

It is a wholly owned Mexican corporation and manufactures apart from lead oxides, organic and inorganic pigments, solvent colours, food colours, dyestuffs and intermediates. Exports go to 30 countries and with the starting of a petrochemical plant three years ago Pigmentos is importing less and less raw material.

Profits are on a more modest scale but still very high. Last year they were 50m pesos compared to 45m pesos in 1977, and Pigmentos is holding its own even with competitors like I.C.I. and Dupont.

W.C.

Profile: Martinez Dominguez

THE street walls of Monterrey are covered with the slogan "Martinez Dominguez is change." The electoral campaign for the new Governor of the State of Nuevo Leon is in full swing and Sr. Alfonso Martinez Dominguez, the candidate for the ruling Institutional Revolutionary Party (PRI) has no doubts that he will win. Nor have the people of Nuevo Leon.

Sr. Martinez Dominguez has chosen the slogan because he declares he intends to reconcile the private and public sectors, which currently are hardly on speaking terms.

The private sector took an instant dislike to the present Governor, Sr. Pedro Zorrilla, when he took office in 1973 because he was the representative of the then President, Sr. Luis Echeverria. Sr. Echeverria was the *bête noire* of the Monterrey industrial groups because he attacked them constantly.

He was considered too Left-wing by the groups, and when his term of office ended in 1976, and Sr. Jose Lopez Portillo became President, they breathed a sigh of relief. But Sr. Zorrilla still had three years to serve, for State Governors are always appointed in the presidential mid-term. The past three years have been particularly bitter for the private sector.

"My change means a policy which will create greater confidence," said Sr. Martinez Dominguez, "and a reconciliation between the different social sectors. It also means a return to using legal means to solving conflicts which until now have been solved outside the law."

The private sector complains that Sr. Zorrilla has been siding too much with the Confederation of Mexican Workers (CTM), the strongest sector of the PRI, and has allowed picketing of companies where the dominant union is the one run by employers.

The groups are happy with Sr. Martinez Dominguez, a veteran PRI politician, who was dismissed in 1971 from his post as mayor of Mexico City after the massacre of students on Corpus Christi Day for anti-Government activities.

Since then he has been quiet, shouldering the blame without a murmur against his superiors. Now, like so many other PRI politicians who fade out in apparent disgrace and keep quiet, he has come back.

By the time he is elected on July 1 he will have campaigned for six months. For the first time the Communist Party are putting up a candidate under the political reform law and the National Action Party (PAN), which is strong in Monterrey, will make some inroad into the PRI's strength. But no one doubts that Sr. Marinez Dominguez will win.

The campaign is being run in typical PRI style from a large villa in what used to be the most exclusive residential area of Monterrey. It will cost about 5m pesos ($220,000) and most of the funds are provided by friends. The house is on loan from a millionaire industrialist and is so big that it has a room for meetings for 300 people.

Bodyguards adjusting their pistols, numerous secretaries, cooks, people patiently waiting to explain their problems and sycophantic hangers-on hoping for a post when Sr. Martinez Dominguez changes the State government, mill around the building.

When we met he immediately undid the top button of his Pierre Cardin shirt, loosened his tie and dictated the replies to my questions to a secretary. When I asked for a photograph, he clicked his fingers and sent his aides running off in all directions after uttering a well-known Mexican expletive. They quickly returned with some photographs.

The night before I had attended one of his meetings where 105 people listened to him explaining how life under him would be different. On the one hand he pledged to stimulate private investment (applause) and on the other to defend the "untouchable" rights of workers (silence). The audience on this occasion was middle-class.

Born in 1922 in Monterrey, Sr. Martinez Dominguez quickly entered into the ranks of the PRI. His first post was secretary of the Mexico City municipal workers' organisation and when he was only 24 he was elected to the congress of deputies for Mexico City. Since then he has been a congress member on two other occasions and PRI president in 1968. He was in charge of the presidential campaign for Sr. Echeverria in 1970 and afterwards appointed mayor of Mexico City.

Sr. Martinez Dominguez says that he has agreed a pact between employers and workers and he expects this will enable Monterrey to expand even more. He does not know by how many votes he will win but he is sure that he will win "sweepingly and cleanly."

W.C.

Profile: Rogelio Cantu

ROGELIO CANTU prides himself that El Porvenir, the daily paper that he runs in Monterrey, is a journalists' newspaper. In a city which supports nearly a dozen morning and evening newspapers this is not always the case and many are instruments of local politics rather than sources of information. El Porvenir, with a circulation of around 70,000, is the most respected.

The respect El Porvenir enjoys has not been easily won. Cantu's father, a printer, started and was forced to close a series of newspapers in the early turbulent years of the century and El Porvenir itself had a sickly birth in 1919. Put together by a group of shareholders and printed at Cantu's shop, it was in financial trouble almost straight away. At one point the owners were about to close it, leaving the printer with a big stock of unpaid bills but the elder Cantu decided to take over full ownership on trial for a fortnight.

If things went well he would keep it for good in lieu of payment. If things went badly he would give it back to the shareholders and the debts would remain due to him. In the event the paper was pulled round.

Rogelio Cantu took it over from his ailing father in 1935 when he was only 18. He, too, had a rough ride at the beginning.

Some of the business community took exception to the fact that El Porvenir did not always say what they wanted it to say so they started up a well-heeled rival which made life very difficult for Cantu. But slowly over the decades the paper's stature increased on the basis of good and accurate reporting and a very extensive coverage of foreign news.

A second big crisis came in 1962 when the paper supported a Government move to provide free text books in schools. This was bitterly resisted by some of the local business community who withdrew their advertising for about eight months. "We survived—somehow," Cantu recalls philosophically. "People now know that we are fair. We give praise where we think it is right and criticise when we think it's right as well. So when readers see us being nice to the Governor, for instance, they know it is because it is our opinion, not because of some political campaign." Cantu is not a member of the PRI, Mexico's traditional ruling party. "I'm not a member of any party and I don't intend to join," he says.

El Porvenir comes to its readers every day at the cost of one peso, the equivalent of four US cents.

For their peso readers get local news in detail and a host of foreign features ranging from the syndicated service of the Washington Post and the U.S. humorous columnist Art Buchwald to the wire despatches of Agence France-Presse. "We must be the biggest newspaper bargain in the world," says Cantu.

H.O'S.

MONTERREY VI

Banking

Growing financial muscle

HAND-IN-HAND with Monterrey's industrial expansion has grown up a network of banks and other financial institutions. Monterrey now produces at least 15 per cent of the country's GDP and if the outside interests of the Monterrey-based companies are taken into account it is more like 25 per cent.

The major holding companies like Visa and FIC have banks within their respective portfolios. Visa has Banca Serfin, the country's third largest private bank, with total assets at the end of 1978 of 61.2bn pesos ($2.7bn) and FIC has Banpais, the eighth largest private bank, with total assets of 13.8bn pesos ($601m). Both banks were founded in Monterrey and have their headquarters in the city; both are well represented at national level.

Apart from Serfin and Banpais there are five other "multiple" (full service) banks with their headquarters in Monterrey; there are also four deposit savings banks, five industrial development banks and one mortgage bank. Their combined total assets are over 100bn pesos ($4.4bn).

Such financial muscle is the natural counterpart to the booming confidence and optimism of the private sector in Monterrey.

In 1978 this sector invested a total of 23bn pesos ($1bn) compared to 19.6bn pesos ($867m) in 1977. This year investment could be as high as 27.5bn pesos ($1.2bn), leading to the creation of 35,000 new jobs. At the moment 40 per cent of the Monterrey investment goes to interests in the State of Nuevo Leon and the rest to States outside Monterrey.

The Monterrey banks are expanding in line with the pace set by the holding companies. Serfin opened 21 new local branches in 1978 and its first ever branch abroad—in Los Angeles. Banpais opened 22 new branches. Serfin, especially, is interested in opening more branches in the U.S

In the same way as the Monterrey banks are looking to a greater presence abroad, so the U.S. banks are stepping up their courting of the holding companies. For example, tucked away in an old building out of the centre of Monterrey, without a sign on the door, is a representative office of Bank of America, the world's biggest bank.

From the outside the house, with its railed windows and well-dressed visitors ringing the bell, looks a doubtful place for a bank. Inside, for the past three years, the skeleton staff has maintained a thriving relationship with some of the major holding companies.

The bank says that the reason for not displaying a sign is that it does not want to be bothered with people coming in to request credit cards and small loans. "We are in the big league," said one of the bank's employees. "The people who want us know where we are."

Bank of America is the only foreign bank with a representative office in Monterrey and has a portfolio of about $160m with Monterrey companies. It is reported to be prepared to loan $1bn a year to Mexico for the next ten years, particularly in large credits to Pemex, the State-owned oil monopoly, and undoubtedly Monterrey will also figure as an increasingly important client.

Serfin granted 24.7bn pesos ($1bn) of credit in 1978 compared to 18.3bn pesos ($809m) in 1977 and its profits went up from 676m pesos ($29.9m) to 1.3bn pesos ($57m).

In the past two years all the major Monterrey banks have taken advantage of the law, introduced when President Lopez Portillo took office at the end of 1976, to become full service as opposed to one service banks. The law has created a more modern and efficient system with the merging of financial institutions.

Credit

The other important change which has greatly affected Monterrey since President Lopez Portillo came to office has been the substantial modification in the credit laws. Previously there were no particularly restrictive measures on the amount which a bank could lend to a single client. Now the maximum is 25 per cent of a financial institution's net worth to any one borrower.

Monterrey industrialists protested when the changes were made. They saw the tightening of credit restrictions as a threat to their oligarchy in that banks could no longer put all their eggs into one or two baskets and had to spread their loans.

The holding companies were happy with the old law because it could be used to restrict credit to companies outside Monterrey trying to set up in the area.

The companies also argued that, according to the strict interpretation of the law, each holding company would be counted as one "unit" and so credit would be even more restricted. Industrialists argued that each sector in a holding company should be able to borrow the new limit and the Government agreed to interpret the law more liberally.

The industrial barons are having no difficulty in raising credit. "The banks are very happy with us. We pay back quickly and very well," said Sr. Eduardo Padilla, director of the FIC. FIC, for example, received $45m in foreign currency credit in 1978 and about 1bn pesos ($44m) and it has $80m of credit lines outstanding. The going rates are said to be between one and one and a half per cent above Libor, with only Pemex surpassing that with rates below one per cent.

One of the latest credits to be concluded was between Hylsa, the steel plant which belongs to the Alfa Industrial group, and a group of U.S. insurance companies for $65m. It was the first time in Mexico that a company had arranged a loan with U.S. insurance companies.

When the last Government devalued the peso in 1976 it was estimated that at least $4bn left the country, of which a major slice came from Monterrey. There were runs on the banks throughout Mexico, nowhere as intense as in Monterrey apart from Mexico City.

Now with the private sector smiling at the present Government it is estimated that about $2bn has returned, a lot of it back to Monterrey.

But while the private sector has no headaches in financing its projects, the Monterrey municipal council has a severe cash problem. This year's budget is a mere 800m pesos ($35.3m) compared to over 30bn pesos ($1.3bn) for Mexico City, whose population is seven times that of Monterrey (2m).

The mayor of Monterrey claims that the city should be getting 4bn pesos ($176m) in relation to the size of its population. Monterrey contributed 110bn pesos ($4.8bn) in taxes last year and the mayor, like all his predecessors, feels that he is getting a raw deal.

The private sector is prospering, but with so little money from the central government Monterrey's public services are in a state of disarray and its urban problems neglected.

W.C.

Labour relations

Paternalism pays off

MONTERREY'S STRIKE record is the best in Mexico and this is largely a result of the paternalism practised on a grand scale by the holding companies. The pressures on the labour market are more intense in Monterrey than anywhere else in Mexico apart from Mexico City. About 1,000 people a day arrive in the Monterrey metropolitan area from other parts of the country, and employers know that they have a captive labour market.

Th Confederation of Mexican Workers (CTM), the strongest sector of the ruling Institutional Revolutionary Party (PRI), is not all-powerful in Monterrey. Its influence was long ago eclipsed by the "independent" (plant unions) or "sindicatos blancos" (white unions) as they are called in Monterrey.

These plant unions which were started by employers in 1936 are called white because the CTM is considered too "red," in a political rather than Communist sense. The plant unions stress that they are "apolitical," which, critics argue, means that they follow the employers' line.

In other parts of Mexico independent unions have a different connotation, since they are breakaway movements from the CTM often backed by left-wing parties. In Monterrey industrialists boast that their workforces have not yet been penetrated by the Left.

Some of the unions of the Monterrey-based companies outside Monterrey are in the pocket of the CTM, but on home ground the plant unions reign.

The industrial barons have devoted a lot of time and money to labour relations, and undoubtedly it has been worth it for they have saved a lot more money in avoiding strikes.

It is commonplace for the large private enterprises to pay at least half the cost of sending workers' children to school, and through scholarships some go on to university or to the Monterrey Technological Institute. And long before Mexican law required corporate training programmes, the leading groups like Alfa and Visa had established schools for their workers. Clinics are widespread and Alfa has a magnificent cultural centre.

Opponents of the house unions dismiss them as paternalistic and in the pay of the bosses. Their adherents point to the inferior services offered by the other unions and how their workers are often used as political tools. Workers in the house unions are receiving pay increases of up to 19 per cent compared to 15 per cent in the CTM.

"Relations in the independent unions are good because there is a climate in which excellence and self-fulfilment can flourish," claims Sr. Eduardo Hovelman, director of the Nuevo León employers organisation. "Employers here are not just dedicated to their customers and stock holders but also to their labour force."

Complain

About 160,000 workers in Monterrey belong to the Federation of Independent Unions, mainly in the Alfa and Visa groups, which have yet to be penetrated by the CTM. A further 40,000 workers belong to "autonomous" unions (also independent), which are neither in the federation nor in the CTM. 20,000 in the Revolutionary Confederation of Workers and Peasants (CROC), a wing of the CTM, and 40,000 in the CTM.

But all is not as rosy as it seems. Employers complain bitterly of the inability of the authorities in Monterrey to settle disputes in those companies where the CTM has influence.

The Governor of Nuevo León, Sr. Pedro Zorrilla, is intensely disliked by employers and he is never seen in their company. When the Duke of Kent came to Monterrey last November in connection with the British Industrial Exhibition in Mexico City, city protocol would not permit state and industrial authorities to attend the same occasion, and so two receptions had to be held.

Employers point to the almost two-month-long strike at General Electric, which ended in February, as a typical case of the "incompetence" of the authorities in dealing with disputes. The complicated strike centred on a dispute between the CTM and the SUTERM, the official electricians' union, which is part of the CTM.

The argument was over which of the two unions should take responsibility for the labour contract. What was essentially a row over personalities and extending areas of influence—between two unions which can hardly be considered rivals—dragged on for weeks with workers finally voting for CTM representation.

Employers would have liked the Governor to have stepped in early on. But, as he was long ago alienated from the industrialists for not being sufficiently close to their ideology, he has to look exclusively to the CTM for his power base. Invariably he comes down on their side.

The Alfa and Visa groups have maintained their "independent" unions. Critics argue that their workers are induced to stay in line not just by the incentives, but also by the close eye which is kept on potential troublemakers who are out of a job if they try to stir things up. Potential dissidents are reportedly blacklisted.

Dismissed workers have been turning to the CTM recently to back their cause, and the CTM has been exploiting this to the full to try to strengthen its influence. At Cristaleria, the crystal and hand-blown glass section of the FIC group, discontented workers sacked from the company's unions turned to the CTM in February to back their interests. A strike was only averted by holding a vote for workers to decide which union they backed. The CTM lost overwhelmingly.

The holding companies Bright executives, who are seen reward loyalty above all else. to share their employers' views and give faithful service to the company, are quickly promoted. At shop floor level workers who show the same spirit are often picked out to play a leading part in the house unions. But those who step out of line do not go very far.

On a different level, when the widow of one of the powerful families wrote a book about the activities of the Monterrey groups, called "Nuestro Grupo," all copies were confiscated from the publisher just before being put on sale last year. They were seized on the orders of the attorney general on the grounds that the book, which examined the group's workings in intimate detail, offended public morality. Supporters of the book say that it was seized after pressure was exerted from the families.

Few dispute that the services offered in the main holding companies are very good. Some like the "dispensa," a voluntary home-delivery grocery service, are a good business. The "dispensa" was started by Cerveceria Cuauhtemoc in 1919 to supply meals for its workers during the food shortages produced by the upheavals which followed the overthrow of the Porfirio Diaz dictatorship. It serves 48,500 customer-families in 740 different companies. Prices are lower than normal and payments can be made through employee-authorised deductions from wages.

As long as the Monterrey success bubble does not burst, the holding companies are likely to keep control of the unions. But should the situation get out of hand Monterrey might see the kind of labour problems which are beginning to affect the rest of Mexico.

W.C.

Monterrey Technological Institute

High-quality training

THE PRESTIGE-LADEN Monterrey Technological institute is the natural counterpart to the city's dynamic and aggressive private sector. Founded in 1943 by Sr. Eugenio Garza Sada, whose family run the Alfa Group and the Visa Group, the institute was created to meet the growing demands for highly qualified management and technical people.

When the "Tech," as it is called, celebrated its 35th anniversary last year it is said that only one person attending the celebrations who held a key position in the private sector in Monterrey had not been educated at the institute. And even he had received some adult education training from the institute.

Such is the quality of training that those educated at the institute sometimes have up to five offers of a job after they graduate. The "Tech" has not yet produced a president of the Republic, but a great many under secretaries, presidents of industrial and commercial organisations at national and local level and company directors were educated there.

The emphasis is on quality and not quantity, and the results have more than confirmed the belief of the founding fathers, that, as the country expanded, there would be an increasing demand for well prepared professional people.

The institute started with only 350 students and 14 teachers, and the first classes were held in an old house in Monterrey. Sr. Eugenio Garza Sada, who was murdered in 1973, was educated at the Massachusetts Institute of Technology. Like many other leading Mexicans, he was greatly influenced by the place so he decided to start a similar institution in Mexico. It has grown beyond all expectation. There are now 550 teachers—250 are full-time staff—and 11 other campuses throughout Mexico.

The student body at the main campus in Monterrey totals 8,000 and nationally 25,000. While the state-run universities have classes of up to as many as 200 and an extremely high student/teacher ratio, the class size of the Monterrey institute is about 40.

Students have easy access to their teachers, who only give classes for 12 hours a week but who have to be available on the campus for a further 28 hours a week.

The tutorial system as practised at Oxford and Cambridge is carried out in the institutes, although generally in groups of several students.

The Monterrey campus is spacious, with a fine view across to the countains. The gardens are well cared for and the sports facilities ample. Classrooms are tidy; the laboratories and workshops are modern and the atmogsphere on the campus is very relaxed, with not a policeman or soldier in sight—markedly different by the state's universities, which are chaotically run and frequently erupt into violence.

The Monterrey Institute is elitist to a large degree and proud to be so. "We offer quality and are serving the needs of the future Mexico," said one teacher. The Institute offers 30 professional career courses as well as studies at the Masters level. Since the first degree was given in 1946, 12,000 students have graduated.

A great deal of its success has to be attributed to the support given by the private section. Fees are the highest in Mexico but there are are also a number of "becas" for the sons and daughters of families who cannot afford the cost.

Tends

At the moment, 2,150 of the 25,000 students are on "becas," which often pay for the total cost of the education. Others are on a system whereby the Institute loans students the money, some of which has to be paid back after graduation over a long term.

The research activities of the Institute are very wide and also give the chance for students to spend some time at a university in the U.S. Agricultural programmes are carried out and to date about 7,000 tonnes of improved seeds have been distributed to around 8,000 families. Courses are also held in farming, livestock and hydrobiology. The emphasis on agriculture is strong, an important national asset in a country with such a drastic rural situation. The Institute runs experimental farms which specialise in developing new varieties of wheat and other plants.

Most of the teachers are former students of the Institute, which makes for a closely knit community but also one which is accused of being "inbred." Teachers deny this. They argue that teaching standards have not been affected, because generally those employed at the institute have studied in other universities as well as the Tech, and thus broadened their outlook.

In 1964 the system of personalised instruction was introduced, which encouraged students to learn on their own. The Institute pioneered this system in Mexico and at the moment uses it more than any other academic institution in the world.

Just as the main Monterrey groups are expanding their interests very quickly outside Monterrey, so too the Institute started in 1967 to construct other campuses. The first was in Guaymas on the Pacific Coast, where students finish the final part of their courses in Food Technology and Marine Science.

While the institute is specifically concerned with the sciences, it also has an up to date television studio and a simulated radio station, as well as one of the finest libraries in the country. The main library contains over 100,000 books and 6,000 rolls of microfilm. There are also small rooms which look like telephone booths for private study.

Separate from the main library is the Cervantes Collection, with thousands of priceless antique books including early editions of Don Quixote and the most complete collection of books on Mexican history.

It would be unfair to say that there is a "type" produced by the institute, but nonetheless nearly all its former students carry the banner of private enterprise firmly with them, which is very close to the hearts of the founders.

W.C.

COMMODITIES AND AGRICULTURE

BSC sugar output tops 1m tonnes

Financial Times Reporter

THE BRITISH Sugar Corporation said yesterday that despite industrial troubles at the beginning of the year, sugar production increased by 522,000 tonnes to reach 1,022,000 tonnes in the six months to April 2.

Announcing a £2.5m rise in pre-tax profits to £10.191m the company said no more than 100,000 tonnes of beet were lost as a result of the road haulage dispute and bad weather.

In Washington the U.S. Department of Agriculture said World production of raw sugar this season is estimated at 91.3m tonnes, the second largest crop on record.

The new estimate is up from the initial forecast of 90.2m tonnes issued by the department last December. It is only 1 per cent less than the record world crop of 92.4m in 1977-78.

Officials said world consumption will be about 89m tonnes or 2.3m below this season's production. That will mean a further build-up in global sugar reserves for the fifth year to a reserve of about 31.5m tonnes.

The sugar left over at the end of the crop year would be equal to about 35 per cent of world requirements.

● In a summary of its sugar and sweetener report, the USDA said high fructose corn syrup shipments will probably range from 1.45m to 1.55m short tons (dry basis) this year up from 1.26m last year.

Cold hits world wheat prospects

BY OUR COMMODITIES STAFF

THE HARD northern hemisphere winter has damaged world wheat crop prospects, the International Wheat Council said yesterday.

Cold, wet weather damaged some crops and retarded growth in many areas, the council said in its latest market report.

As a result, the 1979 world crop is expected to fall short of last year's record total, estimated at 440.6m tonnes. The 1978 crop was 14 per cent above the previous year's.

The report said U.S. wheat plantings were estimated at 28.6m hectares, seven per cent more than last year while the Canadian wheat area was two per cent higher at 10.8m hectares.

But the EEC sowings were estimated three per cent lower at 10.7m hectares. Considerable damage had been caused by the severe winter, particularly in France, the council said.

Weather conditions also caused difficulties in the USSR. Winter-kill damage was slightly above average and heavy rainfall has delayed the sowing of spring crops which on April 23 stood at 18m hectares compared with 32m on the same date last year.

In Ottawa, Mr. Otto Lang, the Canadian wheat minister, said Argentine agriculture minister, Jorge Zorrequieta had accepted an invitation to a meeting of the four major world wheat exporters in Saskatoon on May 10.

U.S. agriculture secretary Mr. Bob Bergland has already agreed to come and Australia will be represented by senior officials.

"I don't expect hard lines of action to come out of this first meeting," Mr. Lang said. "I'll be happy if we can agree to co-operate in matters such as assessing the market outlook and working toward general measures designed to improve market stability."

In Washington Mr. Bergland reaffirmed his opposition to a wheat cartel, predicting it would force developing nations to shift purchasers to rice or to establish food rationing, reports Reuter.

"An OPEC-type cartel would not make a good economic or political lever. We have decided that a wheat cartel does not make sense," he told the U.S. Advertising Council.

In a wide-ranging discussion of agriculture, he said more bad weather may affect key U.S. grain-growing regions this month, but reserves were sufficient to prevent shortages.

He also said he supported the use of cellulose products, such as timber, for gasohol. But if grain-based gasohol was used to replace 10 per cent of total U.S. gasoline consumption, it would require all U.S. wheat, rice and sorghum output as well as large amounts of maize.

Canadian lead-zinc strike plan

By John Edwards, Commodities Editor

WORKERS AT Cominco's Trail lead-zinc complex in British Colombia are to strike on May 7, a union spokesman said yesterday.

The stoppage, by 4,700 workers, follows a breakdown in negotiations over terms of new labour contracts to replace the two-year contracts that expired on April 30.

News of the proposed strike had little impact on the London Metal Exchange yesterday. Cash lead defied a general decline in metal values by gaining £2.5 to £561.5 a tone, but cash zinc closed £6 lower at £375.5 a tonne.

Copper prices lost further ground, with cash wirebars falling by £8.5 to £980 a tonne. Once again the main selling pressure came from speculators.

It was confirmed that talks seeking an end to the strike at Inco's Sudbury mines are continuing but a news "blackout" on details of negotiations remains in force.

Meanwhile nickel prices rallied on the Exchange following news that Le Nickel was raising its world price for refined nickel by 35 cents to $2.85 a pound.

The three months' nickel price, after falling to £3,060 following the decline in copper, recovered to £3,135 at the close and moved to £3,180 a tonne in late kerb dealings.

Asarco, the U.S. producer, yesterday cut its domestic copper price by 1 cent to 65 cents a pound. But the company put up its bismuth price by 75 cents to $4 a pound

S. African wool income rises

By Bernard Simon in Johannesburg

WHEN South Africa's wool marketing season ends later this month, it is estimated that total revenue for wool sales in 1978/79 will amount to about R185m, compared with R170m last year.

The rise in earnings is forecast despite a severe drought in major sheep farming areas which cut the clip from 103.5m kilos to 99.3m kilos. A shortage of supplies caused cancellation of two auctions last week.

Strong demand from Japan has pushed up action prices by about 11 per cent since the beginning of the year; prices for clean wools reached 374 cents per kilo last week, compared to 355 cents at the beginning of the season.

Finance agreed for stockpile plan

BY ADRIAN DICKS IN BONN

THE WAY now appears to be open for West Germany to build up a limited stockpile of five strategic raw materials, following agreement yesterday by the Central Bank Council, the highest organ of the Bundesbank, to a DM 600m refinancing scheme.

The Bundesbank is to make this sum available for one year in the form of three-month revolving credits, essentially similar to those it makes available to the commercial banks under the so-called "Lombard" conditions where borrowers put up securities as collateral.

The continuation of the programme after the first year will be reviewed on the basis of overall monetary policy considerations at the time, the Bundesbank also said in a statement yesterday.

The credits, which the Bundesbank considers analogous to other rediscounting facilities, will be available to banks or to other intermediaries specially authorised to finance stocks of the commodities in question.

A leading role is expected to be played by the official Kreditanstalt Fur Wiederaufbau, the post-war reconstruction financing agency now largely engaged in overseas development aid.

WORLD MEAT SUPPLIES

Classic boom in beef

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CLASSIC effects of demand on prices are well demonstrated in the world's beef market at present.

After being deeply depressed for several years prices are booming. This has mainly been caused by shortages in the U.S., where low prices induced farmers to reduce their cattle herds. As a result the U.S. Government has relaxed its quota controls on imports, mainly from Australia and New Zealand. But the Australian herd has fallen from a peak of 33m to 28m head and as well as increasing exports to the U.S., new markets have been found especially in South Korea.

New Zealand has also benefited from the boom, and producer prices there have doubled over the last year. In Australia producers have done even better than that. Cattle, which were unsaleable three or four years ago, are now making very good money. This paradoxically could well delay an immediate increase in beef production, as farmers take the opportunity to rebuild their herds by retaining cattle for breeding which would otherwise have been slaughtered.

Boom prices though are only relative. The price for steer sides in the U.S. has risen over the past year from 40p to 50p per lb while those for British steers are now quoted at 62p and those in France are about 76p per lb. The great bulk of the beef on the world market is low quality meat used for manufacture into hamburgers, but such is the demand in the U.S. that the price of cow beef is currently very close to that for prime carcases. This is reflected in prices paid to producers, particularly in New Zealand, where the returns for bulls and cows

PARIS—World beef prices will keep on rising in 1979 and 1980 on the basis of forecasts of a decline in output in the U.S., Australia and New Zealand, and producers are being hard-pressed to meet the sustained demand, the French Government's meat and livestock agency said yesterday.

But in its annual report the agency points out that a revival of production in the U.S., generally expected around 1980-81, could cause some disruption on the world

gradual easing of this situation. Japan, which was the growth market for Australian and New Zealand beef, arbitrarily cut quotas during the 1973 oil crisis, and the Japanese market is still very restricted.

As a wealthy country Japan should be a major market for beef. But in 1977 the Japanese consumed only 4.3 kilos of beef a head while the Australians ate 70 kilos, the Americans 58 kilos and the West Germans 23 kilos. If the Japanese even consumed meat on the German level, it would require another 1.9m tonnes of beef imports, which would practically double world trade in beef.

It was the prospect of market expansion into this virgin territory—Japan, Taiwan, Indonesia and almost everywhere else—which encouraged the enlargement of Australian and other herds during the 1960s. But it was found that although these countries would have probably eaten beef had they had the chance, they either did not have the money or their governments would not allow its importation.

Election euphoria lifts equities to new high levels, with 30-share index closing 8.7 up at peak of 553.5

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 23	May 3	May 4	May 15
May 8	May 17	May 18	May 30
May 21	May 31	June 1	June 12

* "New time" dealings may take place from 9.30 am two business days earlier.

Final opinion polls all in favour of a Conservative election victory put equities on the road to new high levels yesterday. Pre-opening indications of a buoyant trend were confirmed immediately the market began to trade and, following the reappearance of institutional funds, leading shares established gains stretching to double figures well before 10 am.

The pace of the rise was too swift to last however, and the leaders reacted slightly as small public investors again considered it prudent to take profits made prior to and during the election campaign rather than await its outcome. Dealers were desperately trying to maintain level positions and seemed happy to absorb these sales with the institutions attempting to buy in too large a size for the market.

The big buyers consequently became frustrated and withdrew to leave the market vulnerable at the higher prices. The tone subsequently eased and business quietened considerably. Events were well measured by the FT 30-share index, which after showing a gain of 12.7 at the first calculation, moved irregularly before ending with a net rise of 8.7 at an all-time peak of 553.5. The thinner nature of the day's trade was recognised in official markings of 6,828 against the previous day's 7,116.

Government stocks responded to the election euphoria, which also boosted sterling, and soon achieved gains extending to ¾. Initially, renewed investment demand was evident but it subsequently faded and quotations tended to hover around the enhanced levels for the remainder of the day with after-hours' business being especially light.

Revived fears that a Tory administration would either relax or abolish exchange controls made the market in investment currency nervous again. With dealers attempting to keep their positions square, conditions were difficult and the premium closed 3½ points down at 57 per cent. Yesterday's SE conversion factor was 0.7888 (0.7832).

Reflecting increased activity in equities, Traded options attracted 2,055 contracts compared with Wednesday's 1,400. **Marks and Spencer** were again the most active issue, with 315 deals, while **Courtaulds**, 307, and **RTZ**, 288 were also in demand.

Merchant banks came in for considerable support following favourable Press comment. **Hill Samuel** were particularly favoured, closing 13 higher at 120p, while the Warrants jumped 125 to 475p in sympathy. **Hambros** added 20 to 294p and improvements of 6 and 5 respectively were seen in **Kleinwort Benson**, 146p, and **Guinness Peat**, 111p. Home banks continued firmly with **NatWest** rising 10 to 395p, after 398p, and **Barclays** 8 to 508p, after 512p. Hire Purchases made progress with **F. C. Finance** 5 up at 78p and **Lloyds and Scottish** 4 to the good at 139p.

Insurances closed firmer throughout but closed below the best in places. Buying ahead of the *forthcoming* 5-for-1 share-split left **Hambro Life** 25 dearer at 695p, after 700p, while **Pearl** advanced 12 to 300p.

Hopes that a Tory victory would lead to reduced Government intervention in the price-conscious Brewery sector resulted in heavy buying orders before the market opening and, after hectic activity, most issues finished with sizeable upward movements but below the best in places. **Allied**, 100p, and **Scottish and Newcastle**, 71p both put on 4, while **Bass**, 230p, and **Whitbread**, 141p added 6 and 5 respectively. **Wolverhampton and Dudley** put on 8 to 310p. Among Distilleries, **Highland** firmed 6 at 104p, while **Gough Brothers** were wanted and closed 5 up at 82p.

Interest in Construction issues was heightened by trading statements. Annual profits in excess of market expectations lifted **George Wimpey** 4 to 100p, after 102p, and the second-half profits improvement prompted a gain of 7 to 88p in **Aberdeen Construction**, while still responding to good annual results, **Allied Plant** added 3 for a two-day gain of 5½ to 37½p. **Costain** issues attracted attention, the Ordinary and Deferred both firming 9 to 217p and 167p respectively, while **Taylor Woodrow** improved 8 to 446p and **Higgs and Hill** put on 4 to 76p. **Brown and Jackson**, at 590p, regained 7 of the previous day's fall of 27 that stemmed from an adverse Press mention. Buyers showed interest in **Blue Circle** and **Redland** which added 4 apiece to 334p and 211p respectively while, in housebuilders, notable gains included **Barratt**, 5 up at 131p, and **Royco**, 3 to the good at 66p.

Laporte firmed 9 for a two-day gain of 18 in response to the better-than-expected annual results. **ICI** touched 411p before closing a net 6 up at 408p.

Stores higher

Leading Stores took the previous day's improvement a substantial stage further. **British Home** gained 9 to 260p and **Mothercare**, 188p, and **W. H. Smith A**, 198p, rose 8 apiece. Ahead of next Tuesday's preliminary figures, **Marks and Spencer** hardened 3 to 126p, after 128p. Elsewhere, renewed investment support prompted rises of 15 and 18 respectively in **MFI Furniture**, 360p, and **Bambers**, 280p. **Lee Cooper** appreciated 10 to 290p ahead of the annual results due on May 16, while similar improvements were recorded in **Empire**, 256p, and **Home Charm**, 378p. Still drawing strength from comment on the group's dividend potential, **Ward White**, in Shoes, rose 8 for a two-day jump of 22 to 143p.

Still reflecting recent favourable Press mention, **Brocks** met further demand and closed 9 to the good at 162p. Other secondary Electrical issues recorded some useful gains. Revived demand left **Sound Diffusion** 8 higher at 119p, while **Farnell**, 528p, and **Electrocomponents**, 446p, closed a similar amount higher. Among smaller-priced issues,

Final quotations in the Engineering leaders were a few pence below the best, **John Brown** closing 8 up at 579p, after 582p, and **Vickers** 3 dearer at 199p, after 202p. Elsewhere, **Porter Chadburn** responded to the preliminary results with a gain of 7 to 103p, while dealings resumed in **Ace Machinery** at 125p compared with the suspension price of 110p following news of the agreed cash bid of 125p per share from F. J. C. Lilley. **B. Elliott** encountered further support and put on 6 to 254p and **Simon Engineering** were good at 340p, up 12.

Early gains in Foods were sometimes pared by occasional profit-taking but **Rowntree Mackintosh** held an improvement of 15 at 454p. **British Sugar** touched 174p on the increased interim profits, but subsequently shaded to 170p for a net gain of 3. Among Supermarkets, **J. Sainsbury** advanced 16 to 363p and **Hillards** 10 to 310p, while **Kwik Save** added 3 to 118p, the last-named announces interim results today. Elsewhere, speculative demand was again forthcoming for **Avana**, which put on 5 to 93p, and for **Louis C. Edwards**, 6 up at 64p.

H. Boot dip and rally

Closing gains among the miscellaneous industrial leaders ranged to 10. **Reckitt and Colman** ended that much better at 510p, while **Glaxo** rose 8 to 515p as did **Pilkington**, to 388p. Consideration of the group's substantial dividend potential helped **Unilever** rise to 668p, before a close only 2 harder on balance at 650p. Following news that **Lonrho** had decided to extend its offer for **Scottish and Universal Investments** and news that it now controls 46.4 per cent of the company, **SUITS** gained 4 to 197p, after 198p, while **Lonrho** finished 5 up at 85p making its offer worth 200p per share. Elsewhere, **Henry Boot** became an erratic market, rising to 100p on bear closing in front of the results before falling to 85p on the extent of the annual loss and on confirmation that no final dividend is to be paid before rallying late to close 8 better on balance at 98p. Comment on the results and proposed scrip issue helped **Clement Clarke** jump 17 to 145p, while buying ahead of Tuesday's annual results lifted **European Ferries** 6 to 175p. **Pentos** advanced 11 to 165p following the chairman's encouraging annual review, while improvements of between 12 and 15 were recorded in **Booker McConnel**, 357p, **De La Rue**, 500p, and **IC Gas**, 503p. **Giltspur** improved 6 to 93p.

Motor sectors closed displaying widespread gains following a good trade. **Lucas** featured with a rise of 17 at 309p, while other Components also tended firmer with **Automotive** adding 4 to 96p. Distributors had **Lex Service** 6½ better at 116½p, while **Harold Perry**, 174p, and **Appleyard**, 111p, both improved 6. **Wadham Stringer** continued to respond to Tuesday's annual results, putting on 3½ for a two-day gain of 5½ at 47½p. **Hanger** became a good market, finishing 6 up at 76p.

Newspapers moved ahead, **Associated** adding 6 at 240p. Advertising agents **Saatchi and Saatchi** closed 5 better at 198p, while **More O'Farrell** rose 7 to 140p.

Properties displayed frequent improvements and **MEPC** stood out with a gain of 10 to 205p. **Land Securities** firmed 8 to 313p and **British Land** put on 4½ to 81p, while **Hammerson A** advanced 20 to 880p. Speculative interest was again shown in **Imry** which rose 38 to 748p and in **Bernard Sunley** which picked up 14 to 372p.

News of the company's decision to shut its Romauld, Quebec refinery due to the shortage of Iranian crude prompted late selling of **Ultramar** which fell away to end 16 down at 292p. Elsewhere, in Oils, **British Petroleum** touched 1222p before reacting to close only 4 dearer on balance at 1216p, while **Shell** ended 12 to the good at 794p, after 800p. **Lasmo** issues were good, the Ordinary rising 10 to 202p, and the **OPS** 35 to 605p. **Tricentrol** were quoted ex rights at 234p, while the new nil paid opened at 58p premium and touched 71p premium before closing at 70p premium.

Comment on the annual results stimulated buying interest in **Furness Withy** which advanced 22 to 286p. **P and O Deferred** closed a shade lower at 87½p, after the previous day's rise in response to the better-than-expected results and relief that the final dividend had been maintained, while the recovery in annual profits left **Hunting Gibson** 4 higher at 179p.

Textile attracted a relatively small interest, but selective issues closed with useful gains. **Parkland A** continued firmly, adding 4 to 90p, while **Tricoville**, recently the recipient of a partial bid from a Continental source, firmed 4 at 94p, or 6 below the offer price.

Selection Trust rise

London-registered Financials moved ahead strongly in the wake of the equity market and **Selection Trust** did particularly well with a 22 improvement to 566p; buying was also fuelled by the chairman's statement. **Rio Tinto-Zinc** gained further ground to close 6 firmer at a 1979 high of 354p, while gains of around 3 were common to **Charter Consolidated** and **Gold Fields** at 168p and 241p respectively.

South African Golds made progress for the third successive day, helped by the continuing steadiness of the bullion price, although gains were usually minor. The Gold Mines index put on 1.2 to 155.9 and the ex-premium index 1.8 to 123.0.

Among heavyweight Golds, **West Driefontein** rose ¾ more to £31 while **Randfontein** added ¼ at £28. Medium and lower-priced issues showed **East Driefontein** 20 higher at 669p and **Marievale** 5 to the good at a 1979 high of 94p.

A downturn in the investment premium prompted small falls in South African Financials although there were one of two exceptions. **Anglo American Corporation**, 350p, and **De Beers**, 388p, both eased 4 but "**Amcoal**" added 25 at 880p.

Australians were a shade firmer reflecting the further improvement in overnight Sydney and Melbourne markets but prices closed below their best levels owing to the easier premium. Further consideration of the sharply higher third quarter profits left **MIM Holdings** 2 better at 229p.

In Tins, **Petaling** advanced 15 to a 1979 high of 265p; the April tin concentrates output of 121½ tonnes brings the six-months total to 779 tonnes, 84 tonnes higher than the same period in the previous year.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 18	Apr. 30	Jul. 12	Jul. 24
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21

For rate indications see end of Share Information Service

Reflecting equities, the Option market encountered a high level of activity with calls completed in **Burmah**, **Kitchen Queen**, **Barker and Dobson**, **Scottish and Newcastle**, **Lonrho**, **Town and City**, **Lofs**, **UDT**, **Westminster Property**, **Premier Oil**, **Charterhall**, **Tricentrol**, **Shell**, **Marks and Spencer**, **Selincourt**, **Vickers**, **Keyser Ullmann**, **Talbex**, **Land Secs.**, **British Land**, **New Throgmorton Warrants**, **Ladbroke**, **Beecham**, **Spillers**, **F.N.F.C.**, **Ward White** and **P & O**. Puts were dealt in **Ladbroke**, **UDT**, **Unilever**, **Peachey**, **Marks and Spencer**, **GEC**, **P & O**, **New Throgmorton Warrants**, **Brown and Tawse**, **Grand Met.**, and **Charterhall**, while doubles were arranged in **Premier Oil**, **Barker and Dobson**, **Scottish and Newcastle** and **Lonrho**.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1300	54	20	94	—	128	—	1217p
Com. Union	160	32	28	35	—	39	—	178p
Com. Union	180	15	41	20	1	26	—	
Cons. Gold	180	71	—	75	9	—	—	242p
Cons. Gold	200	51	3	55	—	—	—	
Cons. Gold	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	114p
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	441p
GEC	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	175p
Grand Met.	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	408p
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	313p
Land Secs	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	127p
Marks & Sp.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	795p
Shell	800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			1117		104		3	
		May		August		November		
BOC Intl.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	80p
BOC Intl.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	236p
Boots	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EMI	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	138p
EMI	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EMI	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EMI	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imperial GP.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	106p
Imperial GP.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imperial GP.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	354p
RTZ	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			541		210		80	

FINANCIAL TIMES STOCK INDICES

	May 3	May 2	May 1	April 30	April 27	April 26	A year ago
Government Secs.	75.56	75.32	75.08	75.54	74.99	74.80	71.40
Fixed Interest	77.52	77.25	77.15	77.19	76.97	76.82	75.95
Industrial	553.5	544.8	537.0	551.3	547.9	546.9	474.5
Gold Mines	155.9	154.7	152.9	150.4	152.1	155.2	143.9
Gold Mines(Ex-$ pm)	123.0	121.2	122.1	121.2	121.9	121.9	97.4
Ord. Div. Yield	5.27	5.34	5.41	5.38	5.32	5.31	5.86
Earnings.Yld. % (full)	14.08	14.32	14.50	14.34	14.34	14.24	17.06
P/E Ratio (net) (*)	9.12	8.96	8.84	9.00	9.00	9.00	7.44
Dealings marked	6,828	7,116	7,037	6,494	6,271	5,192	5,183
Equity turnover £m	—	115.41	123.64	104.79	103.81	128.83	94.20
Equity bargains total	—	24,308	24,569	22,749	20,201	24,831	17,080

10 am 557.5. 11 am 554.3. Noon 555.9. 1 pm 555.8. 2 pm 555.1. 3 pm 554.6.
Latest index 01-246 8026.
* Nil=8.85.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.84 (12/4)	64.64 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.53 (3/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	553.5 (3/5)	446.1 (12/2)	553.5 (3/5/79)	49.4 (26/6/40)
Gold Mines	163.8 (6/2)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines $ (Ex-pm).	123.6 (25/5)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	May 3	May 2
—Daily		
Gilt Edged	98.4	133.5
Industrials	262.9	269.7
Speculative	33.6	45.4
Totals	155.8	162.0
5-dy Av'r'ge		
Gilt Edged	114.9	116.1
Industrials	258.1	224.2
Speculative	42.9	43.9
Totals	153.6	150.7

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	69	—	14
Corpns. Dom. and Foreign Bonds	29	—	35
Industrials	790	74	549
Financial and Prop.	308	17	180
Oils	21	6	11
Plantations	4	—	13
Mines	48	25	68
Others	48	15	47
Totals	1,319	171	920

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
GEC	25p	18	440	+ 6	443	311
Shell Transport	25p	18	794	+12	798	556
Grand Met.	50p	17	176	+ 5	176	112
ICI	£1	16	408	+ 6	410	346
Tricentrol "New"	Nil/pd.	14	70pm	—	71pm	58pm
Barclays Bank	£1	13	508	+ 8	512	360
Hepworth Ceramic	25p	13	132	+ 7	132	74½
Marks & Spencer	25p	13	126	+ 3	131	83
BP	£1	12	1,216	+ 4	1,238	882
Ward White	25p	12	143	+ 8	147	97
Allied Breweries	25p	11	100	+ 4	102	80
Giltspur	10p	11	93	+ 6	93	58
GKN	£1	11	301	+ 6	301	226
NatWest Bank	£1	11	395	+10	398	278
P & O Defd.	£1	11	87	— ½	91	71

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (299)

BRITISH FUNDS (14)
CORPORATION LOANS (4)
COMMONWEALTH & AFRICAN LOANS (3)
LOANS (3)
FOREIGN BONDS (1)
BANKS (15)
BEERS (15)
BUILDINGS (13)
CHEMICALS (4)
DRAPERY & STORES (19)
ELECTRICALS (4)
ENGINEERING (25)
FOODS (11)
HOTELS (4)
INDUSTRIALS (55)
INSURANCE (6)
LEISURE (4)
MOTORS (14)
NEWSPAPERS (1)
PAPER & PRINTING (5)
PROPERTY (22)
SHIPPING (1)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (6)
TOBACCOS (3)
TRUSTS (20)
OILS (5)
RUBBERS (5)
MINES (3)

NEW LOWS (8)

AMERICANS (1)
Reliance
ENGINEERING (1)
Granges
INDUSTRIALS (3)
Boot (Henry) Philips Patents
New Equipment
TEXTILES (2)
Jerome Nova (Jersey)
MINES (1)
Pahang

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	[illegible]	[illegible]	Appl. Computer	[illegible]		[illegible]			
[illegible]	F.P.	—	[illegible]	[illegible]	Baker (John)	[illegible]		[illegible]			
[illegible]	F.P.	—	[illegible]	[illegible]	Bank Bridge Ldn.	[illegible]					
[illegible]	F.P.	—	[illegible]	[illegible]	Hunting Assoc. Defd.	[illegible]					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cleveland County Var. Rate 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eng. Assoc. Sterling Fd. Pert. Red. Pf.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grant (James) 10½% Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	How'rd Wynd'm 9% Cnv. Cum. Red. Prf.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ICFC 12½% Uns Ln 1992	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Water 8½% Red. Prf. 1986	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lyles (S.) 11% Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC 6½% Conv. Uns. Ln. 1995-2000	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Slough Est. 8% Cnv. 1991-94	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricoville 10¼% Pref.	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aberdeen Invs.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Armour Trust	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Beatson Clark	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brent Chemicals	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gerald Nicholson	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Davis & Metcalfe 'A'	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hirst & Mallinson	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Johnson Matthey	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Maddock	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norfolk Cap. Hotels	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Park Place Invs.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Singlo Holdings	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricentrol	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unicorn Inds.	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ with warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thurs., May 3, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., May 2 Index No.	Tues., May 1 Index No.	Mon., April 30 Index No.	Fri., April 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., May 3	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	—	[illegible]
2	5-15 years	[illegible]	[illegible]	—	[illegible]
3	Over 15 years	[illegible]	[illegible]	—	[illegible]
4	Irredeemables	[illegible]	[illegible]	—	[illegible]
5	All stocks	[illegible]	[illegible]	—	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs., May 3	Wed., May 2	Year ago (approx.)
6	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
7		15 years	[illegible]	[illegible]	[illegible]
8		25 years	[illegible]	[illegible]	[illegible]
9	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
10		15 years	[illegible]	[illegible]	[illegible]
11		25 years	[illegible]	[illegible]	[illegible]
12	High Coupons	5 years	[illegible]	[illegible]	[illegible]
13		15 years	[illegible]	[illegible]	[illegible]
14		25 years	[illegible]	[illegible]	[illegible]
15	Irredeemables		[illegible]	[illegible]	[illegible]

		Thurs., May 3 Index No.	Yield %	Wed. May 2	Tues. May 1	Mon. April 30	Fri. April 27	Thurs. April 26	Wed. April 25	Tues. April 24	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

الاہرام

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	110.8	116.6	+0.6	3.03
Abbey Capital	41.5	44.2	+0.9	4.05
Abbey Income	48.5	51.6	+1.0	5.90
Abbey Inv. Tst. Fd.	41.7	44.4	+0.1	4.43
Abbey Gen. Tst.	56.9	60.5	+1.5	3.85
Equitas Prog. Tst.	75.9	80.0	+1.1	4.23

Allen Harvey & Ross Unit Tst. Mngrs.
45 Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	99.7	104.9	+0.5	12.22

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459.

Balanced Funds				
Allied 1st	82.1	87.8	+1.6	4.74
Brit. Inds. Fund	80.1	85.7	+1.8	4.67
Grth. & Inc.	45.7	48.9	+1.0	4.50
Elect. & Ind. Dev.	42.7	45.7	+0.9	4.07
Allied Capital	85.7	91.7	+1.7	3.95
Hambro Fund	132.3	141.6	+2.9	4.58
Hambro Acc. Fd.	153.1	163.8	+3.5	4.00
Income Funds				
High Yield Fd.	82.5	88.3	+1.0	7.53
High Income	77.6	83.0	+1.3	6.81
A. H. Eq. Inc.	46.2	49.4	+0.8	6.48
International Funds				
International	26.1	27.9	−0.1	2.88
Pacific Fund	38.9	41.6	...	2.14
Secs. Of America	55.5	59.4	−0.1	1.94
Specialist Funds				
Smaller Co.'s Fd.	49.3	52.7	+0.6	3.61
2nd Smlr. Co's Fd.	60.7	65.0	+0.6	3.85
Recovery Sits.	119.3	127.7	+2.2	4.31
Met. Min. & C'dty.	49.1	52.5	+0.5	4.36
Overseas Earnings	69.3	74.2	+1.3	3.91
Exempt Funds§				
Far East Exempt	45.0	46.8	+0.1	2.14
Smaller Co. Exempt	77.3	81.2	+1.2	4.00
U.S.A. Exempt	98.0	101.9	+0.2	2.16

Anderson Unit Trust Managers Ltd.

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	52.1	56.7	+1.1	4.25
Do. Accum.	71.0	75.9	+1.4	4.23

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 26	117.6	119.7	...	4.38
Gross Inc. April 26	88.5	90.6	...	7.95
High Yield April 26	97.3	100.8	...	8.33

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	108.6	115.5	...	2.60
Do. Acc.	133.3	141.8	...	2.60
G.T. Inc. Fd. Un.	177.5	188.8	...	8.30
G.T. U.S. & Gen.	128.3	136.4	...	—
G.T. Japan & Gen.	81.3	86.0	...	2.30
♦Gt. Pens. Ex. Fd.	208.0	218.3	...	3.02
G.T. Int'l. Fund	155.6	165.5	...	1.60
G.T. Four Yds. Fd.	62.7	66.7	...	7.60
G.T. Far East & Gen.	45.2	48.5	...	2.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	40.3	43.0	+0.8	4.28

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	25.4	27.3	...	0.45
British Tst. (Acc.)	68.4	73.6	+0.9	3.35
Commodity Share	182.7	196.5	+0.8	3.30
Extra Income Tst.	27.3	29.4	+0.4	8.05
Far East Trust	33.5	36.0	+0.3	0.22
High Income Tst.	67.8	72.9	+0.9	8.38
Income Fund	87.6	94.2	+1.4	6.18
Ins. Agencies	£26.00	27.02	+0.25	3.67
Intl. Exempt Fd.	106.9	115.8	+1.4	5.80
Intl. Tst. (Acc.)	33.2	35.6	...	0.69

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	32.2	35.3	+0.3	9.00

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Intl. Pac. Secs. (Inc.)	HK$13.54		...	1.30
Do. (Accum.)	HK$13.73		...	—

NAV. April 14. *Equivalent US$81.88. Next sub. day April 30.

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	58.6	59.1	...	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.

"Shorts" (Lives up to Five Years)

97⅝	94⅝	Treasury 3pc '79‡‡	97⅝	......	3.07	9.53
98⅛	95⅝	Electric 4¼pc '74-79	98⅛	......	4.33	9.05
100¼	54⅝	Treasury 10½pc '79‡‡	100	......	10.50	10.41

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

101	84	Do. 11¼pc Uns.Ln. '90	101	+½	12.13	12.30
71½	57	Do. 7¼pcADeb. '89-92	71½	+½	10.63	12.10
67½	53½	Do. 7¼pcA Db. '91-94	67½xd	+½	10.74	11.90
80½	64½	Do. 9pc 'A' '91-94	80½xd	+1½	11.18	11.80
77½	62½	Do. 8⅞pcLn. '92-97	77½	+½	11.81	11.90

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly.	22	......	—	—
40	39	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	f3.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 26¾% (based on US$2.0760 per £)
Conversion factor 0.7888 (0.7832)

CANADIANS

S.E. List Premium 26¾% (based on $2.3802 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
90	63	F. C. Finance	78xd	+5	2.2	ф	4.2	ф
8	5¼	First Nat. 10p	8	+¼	—	—	—	0.6
3¾	2	Do. Wrrts. 75-83	3¾	+½	—	—	—	—
16¾	13½	Fraser Ans. 10p	16½	+½	—	—	—	—
248	178	Gerrard Natnl.	248	......	9.32	—	5.6	—
62	45	Gibbs (A.)	46	......	2.2	—	7.4	—
270	217	Gillett Bros. £1	268	......	16.95	—	9.4	—
29	19	Goode D't Mry. 5p	27	......	0.25	—	1.4	—
146	116	Grindlays	146	+2	3.07	7.5	3.1	4.5
120	98	Guinness Peat	111	+5	H5.67	—	7.6	—
294	173	Hambros	294	+20	†9.76	—	5.0	—
120	78	Hill Samuel	120	+13	†4.97	—	6.2	—
475	40	Do. Warrants	475	+125	—	—	—	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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MINES

CENTRAL RAND

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EASTERN RAND

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FAR WEST RAND

[illegible]						

O.F.S.

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FINANCE

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AUSTRALIAN

[illegible]					

TINS

[illegible]					

COPPER

[illegible]					

MISCELLANEOUS

[illegible]					

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-U.K. residents.

[illegible]					

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29	......	Sheff. Refrsmt	85	......
Ash Spinning	185	......	Sindall (Wm.)	142	......
Bertam	27	......			
Bdg'wtr. Est. 50p	415	+5	**IRISH**		
Clover Croft	28	......			
Craig & Rose £1	£107½	......	Conv. 9% '80/82	£92¼	......
Dyson (R. A.) A	35	......	Alliance Gas	103	......
Ellis & McHdy	70	......	Arnott	400	+15
Evered	30xd	......	Carroll (P.J.)	105	......
Fife Forge	54	......	Clondalkin	88	......
Finlay Pkg. 5p	20xd	......	Concrete Prods.	92	......
Graig Ship. £1	220	......	Helton (Hldgs.)	65	+1
Higsons Brew	88	+1	Ins. Corp	210xd	......
Holt (Jos) 25p	269xd	......	Irish Ropes	105	......
I.O.M. Stm. £1	165	......	Jacob	37xd	......
Pearce (C. H.)	215	......	T.M.G.	235	......
Peel Mills	30	......	Unidare	85	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Unilever	55
A. Brew	7	"Imps"	9	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	10
B.S.R.	8	Inveresk	7	Vickers	17
Babcock	14	KCA	4	Woolworths	6½
Barclays Bank	32	Ladbroke	18		
Beecham	52	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	9	Brit. Land	5
Boots	18	Lloyds Bank	25	Cap. Counties	7
Bowaters	18	"Lofs"	5	E.P.	3½
B.A.T.	28	London Brick	7	Intereuropean	5
Brown (J.)	50	Lonrho	9	Land Secs.	20
Burton 'A'	22	Lucas Inds.	25	MEPC	15
Cadburys	5	"Mams"	18	Peachey	13
Courtaulds	10	Mrks. & Spncr	9	Samuel Props.	14
Debenhams	8	Midland Bank	30	Town & City	2
Distillers	21	N.E.I.	14		
Dunlop	6½	Nat. West. Bank	28	**Oils**	
Eagle Star	16	Do. Warrants	15	Brit. Petroleum	70
E.M.I.	14	P & O Dfd.	8	Burmah Oil	11
Gen. Accident	21	Plessey	10	Charterhall	3½
Gen. Electric	32	R.H.M.	5	Shell	48
Glaxo	50	Rank Org.	25	Ultramar	24
Grand Met.	12	Reed Intnl.	16		
G.U.S. 'A'	30	Spillers	5½	**Mines**	
Guardian	24	Tesco	6		
G.K.N.	24	Thorn	22	Charter Cons.	16
Hawker Sidd	22	Trust Houses	27	Cons. Gold	17
House of Fraser	15	Tube Invest.	30	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday May 4 1979

Italy fears more election violence

BY PAUL BETTS IN ROME

ITALIAN TERRORISTS launched a raid yesterday which it is feared may be the continuation of a campaign of violence to coincide with the Italian general election campaign.

Extreme Left-wing terrorists raided the Rome branch headquarters of the Christian Democratic Party killing one police officer, seriously injuring two others and causing extensive damage by throwing bombs in the building in the centre of the city.

Immediately after the raid, Senator Amintore Fanfani, the Christian Democrat President of the Italian Senate, described the attack as "particularly serious." It confirms fears that the campaign for the elections on June 3 and 4 could be marred by an intensification of politically-motivated violence.

The country's main trade union confederations called a one-hour general strike yesterday afternoon in protest against the raid, which marked the climax of a fresh outburst of political violence in Italy. Other incidents include the knee-capping by Red Brigade terrorists of a Genoa State company manager and some 27 bomb attacks earlier this week in the northern region of

The centre of Rome was partially closed yesterday as police and special anti-terrorist units using helicopters attempted to find the terrorists, who escaped after breaking into the building in Piazza Nicosia.

About 10 terrorists, including three women, armed with machine-guns were reported to have broken into the building, forced a number of people out into the street, some handcuffed by the extremists, and set off a series of bombs after scrawling on the walls slogans against the general elections and the five-pointed star which is the symbol of the Red Brigade movement.

When a police car rushed to the scene, a gunfight followed. The terrorists managed to escape, killing a police officer and seriously wounding two others.

The renewed wave of political violence comes as Italian magistrates appear to be making significant progress in the investigation of the kidnapping and killing 12 months ago by Red Brigades of Sig. Aldo Moro, the late Christian Democrat leader.

Now political violence and the restoration of law and order will inevitably become the main theme of the general election campaign, officially starting today.

The weekly news magazine Panorama yesterday published an opinion poll carried out by the Doxa agency and based on 205 Italian municipalities.

At this early stage, the Christian Democrats, according to the poll, are expected to increase their lead by 1.5 per cent securing 40 per cent of the total vote compared with 38.5 per cent in the last general election three years ago.

For their part, the Communist Party's share of the vote is forecast to drop from 34.4 per cent to 31 per cent. The Socialists are expected to increase their share from 9.6 per cent to 11 per cent.

However, the biggest gains are expected to be made by the small and unconventional Radical Party, which Doxa estimates will increase its share of the vote from 1.1 per cent to 5 per cent.

All the other smaller parties, according to Doxa, are expected to forfeit electoral support.

Repair delays shut two nuclear reactors at Dungeness

BY DAVID FISHLOCK, SCIENCE EDITOR

BOTH NUCLEAR reactors at the Dungeness A nuclear station in Kent, one of Britain's earliest nuclear plants, are shut down because of unexpected delays in repairing cracks found in the No. 2 reactor last winter.

A scheduled shutdown of the No. 1 reactor of this 550 MW station, which began at Easter, has overlapped with the shutdown of the No. 2 reactor, not expected to return to power until later this month.

The station which was commissioned in 1965 is a Magnox design, developed in Britain for the country's first-generation nuclear plants. It uses carbon dioxide gas as its coolant instead of water, which is favoured for U.S.-desinged reactors. Dungeness has given one of the lower performances of Britain's first generation plants.

The Central Electricity Generating Board says, the most troublesome of the repairs which had to be made to the No. 2 reactor were to cracks found in large steel forgings, part of a major component of the gas coolant circuit.

The cracks, which have now been repaired, have already cost about £2.4m in replacement electricity costs for the extra two months of unscheduled shutdown.

Four of the CEGB's 16 Magnox reactors are shut down for scheduled maintenance—one each at the Berkeley and Oldbury stations in Gloucestershire and two at Dungeness.

The repairs to the Dungeness station's No. 2 reactor is expected to be approved finally by the Government's Nuclear Installations Inspectorate later this month.

But the inspection on the No. 1 reactor—part of a regular biennial maintenance programme—may reveal the same type of faults.

The cracked forgings discovered during the winter are dishes of steel about 6 ft in diameter, to which are welded large bellows. There are four such components to each reactor. They form part of the carbon dioxide coolant circuit of the reactor but are outside and about 30 ft from the reactor pressure vessel. No other Magnox station has this kind of component.

Surface cracking was discovered in the inch-thick steel, of a kind the CEGB inspection team had not encountered before. The flaws have now been ground out of the steel, and the CEGB believes that the components can safely be returned to service without restrictions on the reactor's performance. It was stressed yesterday that the component had not been leaking carbon dioxide into the reactor buildings.

Any leak of carbon dioxide coolant from the pressure circuit of this type of reactor would cause reactor pressure to fall from 280 lb per square inch, causing the reactor to shut down automatically. The coolant itself is not radioactive and is blown into the atmosphere whenever the reactor has to be shut down.

In case the flaws should be be found to have worsened on subsequent inspection, the CEGB is considering ordering replacements for the four components. It plans to make frequent inspections of the trouble spots over the next year.

Bonn may modify nuclear waste plan, Page 2

THE LEX COLUMN

Markets close in confident mood

The financial markets closed last night all geared up for a convincing Conservative victory. Though slightly below the best the 30-Share Index attained another all-time closing high, as did the All-Share, while gilt-edged improved to leave the FT Government Securities Index only 0.3 per cent short of the 1979 peak. On the foreign exchanges sterling shared in the buoyant mood, and the closing trade-weighted index level of 67.5 has only been bettered on two days in the recent past.

The view last night was that equity prices would automatically be marked higher first thing this morning if the overnight returns were to show a swing to the Tories in line with the latest opinion polls. But there was also a feeling that not much spare money remained uncommitted on the sidelines to sustain any substantial rise in share prices. In the last few elections the day after the poll has seldom provided a short-term buying opportunity.

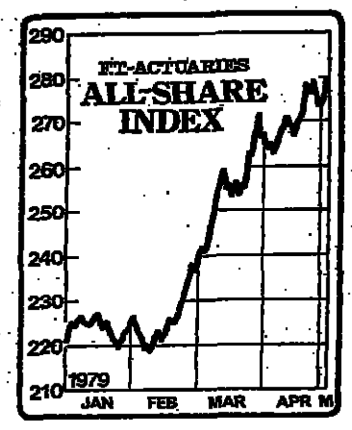
George Wimpey

At the halfway stage Wimpey upset the stock market by posting a surprising 17 per cent drop in profits. It seems to have done much better in the second half and full year profits are 6 per cent higher at £57.2m. The shares closed 4p better at 100p last night, where they are selling on 9.4 times fully taxed earnings.

However, the results are not quite as good as they seem. Wimpey has started capitalising interest on its North American developments (worth £1.9m) and taken in some property profits above the line. Consequently, it looks as if Wimpey's underlying profits stopped growing in 1978 for the first time in nearly a decade. Obviously, Wimpey was hit by the rise in sterling, but in common with other contractors it is clearly beginning to suffer from the intense international competition.

For the time being, though, there continues to be strong growth in associated company profits which reflects the payoff on joint ventures in places such as the United Arab Emirates. In 1976 associates contributed a token 3 per cent of profits, last year the proportion had risen to more than a fifth and in 1979 the contribution should rise further. Although the giant Dubai Aluminium smelter complex is halfway complete, but Wimpey has still to take in some of its share of the profits.

Index rose 8.7 to 553.5



Elsewhere, Wimpey does not seem to be suffering unduly from the problems in Iran (although the Nigerian operation is losing money). The large Canadian operation provides a stable source of profits and the UK house building side has proved a powerful support against the collapse of UK civil engineering profits.

British Sugar

British Sugar Corporation's interim figures—pre-tax profits of £10.2m in 27 weeks against £7.7m in 24—suggest the company is on target for about £30m for the year, against £25.5m, particularly as the first-half figures were adversely affected by the haulage strike. If there is a green pound devaluation and some general rise in the EEC sugar price, BSC could even make a good bit more. Even though the current year has started badly, with only 80 per cent of the beet drilled so far, acreage should be higher and, given reasonable autumn weather, BSC should easily produce its full 1.04m tonnes of "A" quota sugar.

Under the present EEC regime, BSC is able to enjoy a good return provided it can produce a reasonable amount of sugar. But the quotas put a ceiling on growth and might even be trimmed back, and some sort of diversification may be on the cards. At the moment, BSC is a consumer of cash, but after 1980, when its heavy capital spending programme will be complete, its cash-flow should become strongly positive.

Unfortunately the shares at 170p sell on no more than 3½ times prospective earnings, which makes them an unpromising base from which to launch acquisitions. BSC has plenty of scope to increase its 5.2 per cent yield—last year's dividend was 3.7 times covered by current cost profits. The joker in the pack is the 24 per cent state holding in BSC—the company must be hoping that this will not be disposed of too clumsily.

GHH

In January, the German engineering sector was awash with glamour on the back of a promising stream of orders from China, and Gutehoffnungshütte shaw its share price pushed up to a record DM 246. It then raised DM 40m with a one for 20 rights issue and has now come back for another DM 194m with a one for seven at DM 160, a discount of 23 per cent to the market price of DM 207.50.

The money is intended to subscribe new capital for subsidiaries, particularly MAN which has been spending freely in the U.S. and may be about to increase its stake in White Motor—in which case the minority shareholders in MAN may find themselves asked for money too.

The fact that GHH is offering shares on a falling market soon after a previous (if very small) rights issue gives some measure of its keeness to hold enough cash to allow MAN to act quickly and flexibly. Over the last few years gearing has come down sharply, and GHH seems eager to keep it down.

Lonrho/SUITS

In takeover battles, as in general elections, you can do a lot with statistics. Yesterday Lonrho declared that its stake of 46.4 per cent of SUITS was a "satisfactory" result, while the SUITS defence claimed to be "delighted" that shareholders owning 86 per cent of the non-Lonrho, non-Fraser shares had failed to accept the offer.

Lonrho is close to victory but it will probably have to gain it through purchases in the market and in the process the price is likely to be forced up. Brokers Grieveson Grant have been nibbling on behalf of the defence, presumably to keep the price at or above the offer level and therefore out of Lonrho's reach. A lot also depends on Lonrho's own share price, and yesterday that jumped 5p to 85p. Shareholders of SUITS should continue to sit tight.

Chrysler loses $53.8m after marketing problems

BY JOHN WYLES IN NEW YORK

CHRYSLER CORPORATION has run into marketing problems which led to a $53.8m (£26m) loss in the first three months of 1979. That follows a brief return to profitability in the fourth quarter of last year.

The overall result is that Chrysler has lost nearly $350m during the last six quarters, only two of which have been profitable. The company began the year with hopes of making a surplus in the first quarter. But a modest increase in passenger car sales was more than offset by a sharp fall in sales of vans and recreational vehicles which helped raise the value of stocks by about 13.8 per cent over the December 31 figure.

The deficit was, nevertheless, substantially lower than the $119.8m suffered in the same period last year when operations had to bear heavy start-up costs associated with the launch of a new compact car.

That car, the Plymouth Horizon and Dodge Omni, is Chrysler's one unqualified success at the moment although Mr. John J. Riccardo, chairman, and Mr. Lee Iacocca, president, acknowledged yesterday that production was being held back by the limited availability of engines from Volkswagen.

The company's sales rose 10.8 per cent over the first three months of last year to $3.3bn. Worldwide vehicle sales fell slightly from 513,336 to 501,085 units, excluding sales in European and Latin American subsidiaries which have now been sold.

Although car and truck unit sales rose slightly in the U.S., the company's market share in cars fell from 11.3 per cent last year to 10.3 per cent and in trucks from 11.3 per cent to 11.1 per cent. Its share of the car and truck market in Canada also fell in the first quarter.

The company reported that higher fuel costs arising from the Iranian crisis had affected the van and recreational vehicle market which the company has traditionally led. Its share of the car market was "unsatisfactory" and because plant schedules had been based on expectation of better sales, "our inventories of finished vehicles reached unacceptably high levels, creating an additional cost burden on the company."

Most analysts of the motor industry expect Chrysler to continue recording deficits for most of this year, with the total loss climbing to more than $130m. In the first quarter both Ford Motor and General Motors reported substantial increases in earnings, although Ford's domestic profits were slightly lower than a year ago.

World nickel price goes up again

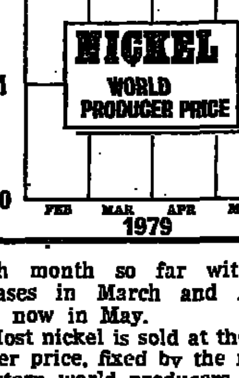
BY JOHN EDWARDS

ANOTHER RISE in the world price of nickel—the fourth increase this year—was announced yesterday by Le Nickel, the French based producer. It is putting the cost of refined melting nickel up from $2.50 to $2.85 per lb. This will raise the UK sterling price by £374 to £3,049.50 a tonne.

Other producers are expected to follow the lead set by Le Nickel in view of the shortage of nickel supplies developing as a result of the seven-month-old strike at International Nickel's Sudbury mines in Canada. Talks aimed at settling the strike, which is over the terms of new labour contracts, are going on this week but so far without success.

The Sudbury mines normally produce some 70 per cent of Inco's total output. The stoppage since September has drastically reduced the huge surplus stocks which previously drove nickel prices to a very depressed level.

Because of the very competitive conditions Inco stopped officially quoting prices in July, 1977, but resumed quotations in February this year with melting nickel at $2.05 a lb. Since then prices have been raised each month so far with increases in March and April, and now in May.



Most nickel is sold at the producer price, fixed by the major Western world producers. But there is also a growing "free market," not controlled by producers. Reently the London Metal Exchange launched a futures contract to help establish free market prices. Since the Exchange market opened on April 23 the price has jumped from £2,575.5 to £3,135 a tonne last night.

Details Page 39

Bid to set up London oil futures market

THE INTRODUCTION of an oil futures market in London is to be considered by a study group set up this week.

The group, drawn from people in London commodity market trading will be particularly concerned with trying to find a standard quality on which to base futures trading. It will also attempt to decide whether there is sufficient interest to make the proposed market worthwhile launching.

So far attempts to launch a futures market for oil, to provide protection against price fluctuations, have met with little success, partly because the major oil companies have shown little interest in the whole idea.

An oil products futures market in Rotterdam failed to receive enough support, and the present heating oil futures market in New York has been hit by domestic price controls in the U.S.

London traders believe that the changed situation in the world oil market, with oil companies no longer controlling prices to the same extent as in the past, could make an oil futures market worthwhile if the right contract details can be worked out.

An extra advantage for London is that it can offer an established market structure, through the Wool Terminal Market Association, which has the accommodation and membership to a new market.

Details, Page 39

Night flight experiment

NORWICH AIRPORT joint committee has given the go-ahead for postal night flights from Norwich Airport to Liverpool to speed up mail deliveries. The flights will operate experimentally for one year.

Weather

UK TODAY

SUNNY periods and some showers in most of Britain. Hail and thunder in the North and East. Max. 10C (50F).

London, E. and Cent. N. England
Sunny periods. Wintry showers developing.

Cent. S. and S.W. England, West Midlands, S. Wales
Wintry showers dying out later. Sunny periods.

N. Wales, N.W. England, Scotland and Ulster
Some heavy hail and thunder. Bright or sunny periods.

Outlook: Outbreaks of rain, sleet or snow followed by sunny intervals and wintry showers. Generally cold with night frost in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	61	Locarno	S	14	57
Algiers	S	22	72	London	F	10	50
Amsdm.	C	6	43	Luxmbg.	C	5	41
Athens	S	21	70	Madrid	S	18	64
Bahrain	S	28	86	Majorca	F	19	66
Barclna.	F	14	57	Malaga	S	20	68
Belfast	R	7	45	Malta	S	21	70
Berlin	F	8	46	M'chstr	C	4	39
Biarritz	S	12	54	Melbne.	C	17	63
Bmghm.	F	7	45	Mex. C.	S	24	75
Blackpl.	S	8	46	Milan	C	14	57
Bordx.	F	11	52	Mntreal.	S	14	57
Boulgn.	C	6	43	Moscow	F	25	77
Bristol	F	7	45	Munich	F	3	37
Brussels	F	7	45	Nairobi	R	23	74
Budpst.	R	8	46	Naples	F	17	63
B. Aires	S	16	62	Nwcstl.	C	4	39
Cairo	S	30	86	N. York	C	15	59
Cardiff	C	6	43	Nice	S	17	63
Cas'b'ca	F	18	64	Nicosia	S	21	70
Cape T.	C	17	63	Oporto	S	16	61
Chicago	R	8	46	Oslo	F	10	50
Cologne	F	8	46	Paris	R	3	37
Cpnhgn.	F	7	45	Perth	S	20	68
Corfu	S	19	66	Prague	F	7	45
Dublin	C	7	45	Reykjvk.	S	−2	28
Dbrvnk.	F	17	63	Rhodes	S	23	73
Ednbgh.	C	6	43	Rio J'o	S	28	84
Faro	S	18	64	Rome	S	18	64
Florence	F	16	61	Salzbrg.	C	5	41
[illegible]	[illegible]	[illegible]	45	Singapr.	C	28	84
[illegible]	[illegible]	[illegible]	61	Stckhm.	C	5	41
[illegible]	[illegible]	[illegible]	46	Strasbg.	C	9	48
[illegible]	[illegible]	[illegible]	75	Sydney	S	22	72
Glasgow	F	6	43	Tangier	F	18	64
G'msey	F	7	45	Tehran	C	19	66
Helsinki	C	5	41	Tel Aviv	F	21	70
H. Kong	S	20	68	Tenerife	F	15	59
Innsbrk.	Sn	4	39	Tokyo	S	20	68
Invrnss.	F	4	39	Toronto	R	5	41
I.o.Man	F	6	43	Tunis	S	26	79
Istanbul	S	17	63	Valencia	C	14	57
Jersey	F	7	45	Venice	S	15	59
Jo'burg	S	23	73	Vienna	R	4	39
L. Pims.	S	20	68	Warsaw	R	7	45
Lisbon	S	16	61	Zurich	Sn	4	39

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Opinion polls

Belgian National Bank raised its Bank Rate by one point to 7 per cent on Wednesday. It is not yet clear, however, how much yesterday's strains on the system reflected the temporary impact of fluctuations in the krone.

● Official figures published yesterday show that private investors in the UK sold £1.75bn worth of company securities, including unit trusts last year. This compares with net sales of £1.88bn in 1977 and continues the long-term pattern of sales of shares by private investors and the asociated steady increase in institutional shareholdings.

The latest issue of the Central Statistical Office's Financial Statistics shows that sales of company securities fluctuated sharply during last year, in line with fluctuations in the stock.

In contrast, the personal sector increased its deposits with building societies by £4.91bn.

Japan pledge to seek earlier tariff cuts

BY DAVID BUCHAN IN WASHINGTON

MR. MASAYOSHI OHIRA, the Japanese Prime Minister, said yesterday his Government would seek to cut Japan's tariffs earlier than agreed in the GATT multi-lateral trade negotiations, as a way of accelerating imports and reducing its trade surplus.

On a day of key consultations with U.S. Congressional leaders, Mr. Ohiro announced this concession in a National Press Club speech in Washington, in which he called Japan's relationship with the U.S. "pivotal."

Japan could not procrastinate on the solution of its sharp trade dispute with the U.S. he said, seeking to convince Congress and the Press that there was substance behind his agreement with President Carter on Wednesday to take "a more constructive approach" to U.S.-Japanese economic problems.

He gave a unusual show of sympathy for those in Congress who see a surcharge on Japanese imports as the answer to Japan's large trade surplus with the U.S. totalling $12bn last year. He said that given this unhealthy imbalance, "if I were a U.S. congressman, I would have been easily tempted to resort to such an idea."

Earlier, Mr. Ohira met members of the House of Representatives, including the Speaker, Mr. Tip O'Neill, and Mr. Al Ullman, who heads the key Ways and Means committee that deals with trade matters.

Japan enacts GATT cuts, Page 6

Continued from Page 1

Air fares

Netherlands. These countries it said had signed "liberal aviation agreements" with the U.S.

Its message will not escape any airline and Government which is looking for higher revenues on transatlantic services.

Yesterday's decisions indicate that the board is as determined as ever to use its pricing powers to step up competition on routes to and from the U.S.

Ultramar shuts Canadian refinery

BY KEVIN DONE, ENERGY CORRESPONDENT

ULTRAMAR, the small UK oil company, has temporarily closed its Canadian refinery at St. Romuald, Quebec, because of its failure to obtain concessions on crude oil prices from the Canadian Government.

The Ultramar refinery was previously totally dependent on foreign imported crude, and has suffered from loss of supplies from Iran. This was compensated for by the Canadian Government in March, when it allocated the company a small amount of western Canadian crude, which in turn was exchanged for foreign crude for the refinery.

Ultramar applied for additional volumes of Canadian crude for April and May, but this was turned down.

It said yesterday: "As a result we are the only refiner in either Ontario or Quebec without a continuing Canadian crude oil supply, and we are placed in an extremely tenuous supply position and at a competitive disadvantage with other refiners."

Mr. Campbell Nelson, company chairman, said the refinery had been shut to bring the issue to the attention of the Canadian authorities. The refinery was due to be shut in any case later this year for maintenance and repairs. This work had now been brought forward.

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